

INSIDE: The Tories make their choice

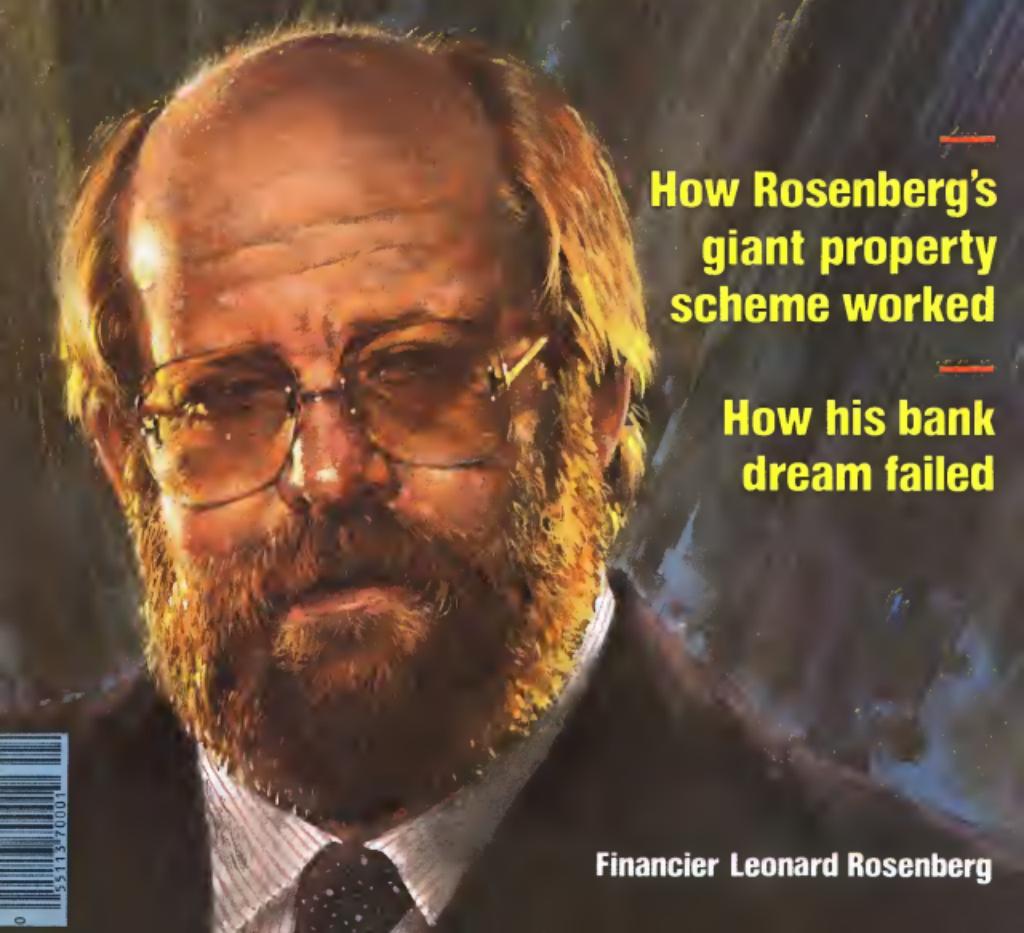
Maclean's

JUNE 13, 1983

CANADA'S WEEKLY NEWSMAGAZINE

\$1.25

THE FALL OF AN EMPIRE



How Rosenberg's
giant property
scheme worked

How his bank
dream failed

Financier Leonard Rosenberg



JUNE 13, 1983 VOL. 96 NO. 24

**The Tories make a choice**

When 3,140 Tory delegates arrive in Ottawa this week to elect their leader, they will plug into a high-stakes convention, with only the outcome not programmed. — Page 19

**The unsinkable Mr. Bond**

Like all good 007 movies, *Octopussy* is witty, sexy and ingenious, with plenty of gadgets and, as always, no shortage of beautiful and lethal women. — Page 53

COVER**The fall of an empire**

National attention has focused on Leonard Rosenberg ever since the Ontario government seized his companies in the wake of the \$200 flip of nearly 12,000 Toronto apartment units. But *Maclean's* has learned that Rosenberg was on the verge of one of the most astounding deals in Canadian history. He plans to assemble a world-class bank. — Page 22

COURTESY OF LEONARD ROSENBERG

**Restraint at the summit**

Aiming to avoid another debacle like last year's economic summit, Western leaders emerged from the Williamsburg talks with gestures of modest agreement. — Page 22

**A burning nightmare**

A fire aboard Air Canada flight 191 last week forced a desperate emergency landing, caused the death of 82 people and raised questions about air safety. — Page 19

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LETTERS

Means of defence

Your cruise missile article ("Testing the cruise," Cover, May 30) fell far short of fair and full reporting. Opposition to the cruise missile has a much clearer focus than the simple statement that it is unconstitutional to test these devices. The cruise missile is a virtually undetectable on the ground as it is in the air, where it bogs the terrain below the radar barrier. As a result, the deployment of the missile will mean the end of disarmament talks you cannot verify the dismantling of weapons you cannot see. That is the point of our protest. And it is interesting that you chose a picture of the Vancouver rally with the Communist Party banner boldly displayed. I suspect you are secretly hoping that we peasants are "Commies." Was that a representative picture? Far from it. There were 65,000 marchers carrying church, union, individual, professional and school banners — SUSAN D STRONG Victoria

Pierre Trudeau's recent defense of the cruise missile testing in Canada is based on a false premise. He argues that, "In these circumstances, it would be almost scandalous for the West to adopt a policy of... softening the development of new means of defending ourselves against the Soviet missiles." The truth is that it would take only 50 warheads to obliterate either one of the superpowers, and each passes twice that 5,000 of these abominations. Given more cruise missiles or one missile more in the Western arsenal will in the slightest way increase our "new means of defense." There are no means of de-



fense against a rain of US or Soviet hydrogen bombs. Talk of defense is a cruel hoax, a defense designed not to increase our safety but to increase the profits of defense contractors and arms manufacturers.

—RONALD JAYMUSOFS
Vancouver

As much as it attacks in my view to have to say it, I agree with Prime Minister Trudeau's announcement with regard to the testing of the U.S. cruise missile guidance system in Canada. We can't have it both ways: we can't wrangle up to the comforting warmth of the U.S. military machine its position on the one hand and then stand back and demand it when we cannot see the dangers on the other. We are members of a group of signed countries that are supposed to be like us. We have certain commitments as members of the group. If we do not wish to belong, we should campaign to leave it. With the present level of thinking, confounding our fellow members while aligning nothing of those with different political leanings is hypocritical.

—CHARLES PEARCE
Kings Co., N.B.

I share Prime Minister Trudeau's wish to defend democracy and freedom as well as his hope for an end to the arms race. However, I cannot agree that holding up an umbrella that invites a rain of terror will achieve those goals. Many critics have provided statistics to make it clear that the cruise missiles are not the simple system of improved defense that supporters think or hope they are. To be against their testing in Canada is not to be against a useful Western defense system; rather, it is to be against a new technology and an apparent new U.S. military strategy which makes the nuclear threat and international conflict greater than ever.

—SHARON CALLAHAN,
Vancouver

PASSAGES

1919: William Harrison "Jackie" Dempsey, the Manassa Mauler, 37, heavyweight boxing champion from 1919 to 1926, of cardiac arrest, in New York. At 34 Dempsey won the title from Jess Willard and he successfully defended it five times before his defeat at the hands of Gene Tunney in a highly controversial 10-round decision. Dempsey drew the first million-dollar gate in boxing, and an estimated \$60,000 fans paid a total of \$10 million to watch him talk on the greatest hours of the day throughout his illustrious career.

1959: Agwid Pelsht, 81, the eldest member of the Soviet Politburo and the last surviving Kremlin leader who participated in the 1917 Bolshevik Revolution, of a heart attack, in Moscow. Pelsht, who had been suffering from lung cancer, was the only member of the current Kremlin hierarchy who had not renounced Leninism. Pelsht joined the Politburo in 1956 and headed the Comintern, the party's central committee. President Yuri Andropov is expected to name his successor at the party plenum on June 14 and 15.

1968: John Trebil, the director of The White Oaks of Juva and Middle Ap-Cong and the producer of the television series *Hot*, in a collision with a passenger liner, near Toronto. The English-born Trebil made history in Canadian television in the 1960s, when he directed such popular series as *Quatermaine '67* and *Wagon Five*, based on the career of the controversial Dr. Morton Shulman. Trebil's widow, Teresa, had just finished directing the first three episodes of the new CBC mini-series, *Rockwood*, to be aired this fall.

1970: Prince Charles of Belgium, 39, the prime regent of Belgium from 1944 to 1950, credited with saving its monarchy. In Gestapo, Belgium. The prince emerged from hiding during the Second World War when his brother, King Leopold, was interned in Nazi Germany and he acted as regent until Leopold, who was accused of betraying his country to the Nazis, was allowed to return to Belgium. During that period Charles initiated the process that granted independence to Zaire.

1976: Stan Rogers, 39, the popular Canadian folk singer from Dundas, Ont., whose songs widely recorded include *Northeast Passage*, *Foggy-Five Years* and *Bearcat's Priscilla*. In the tragic June 3 crash of an Air Canada DC-9 in Cincinnati, Ohio, which killed 22 others (page 13). Rogers had been in Texas performing at the Kerrville Folk Festival's "Salute to Canada."



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A disputed grave for old submarines

Is California's many cans have begun carrying bumper stickers with a message of a different kind? "You are what they eat," the stickers read. "They" refers to the seafood delights in one of the world's great fishing grounds, off the northern coast of California. Now residents of that state who fear eating radioactive-seafood and anti-sea life are protesting a Portolan plan to settle about 130 old Polaris-class submarines and other nuclear-powered vessels in the Pacific Ocean.

last December he introduced an assembly bill, both aimed at stopping the Portolan plan. The Senate bill, awaiting Senate approval, would require that California authorities rigorously monitor or commercial fishing catches from the existing nuclear waste site off the Farallon Islands near San Francisco for signs of radioactive contamination. The assembly bill, now before committee, would require that the state's powerful Coastal Commission take legal steps to

The U.S. Navy considered and dismissed several other disposal methods. These included firing the radioactive detritus into space or burying it under polar ice caps. Instead, the navy decided to tow the vessel, made obsolete by the advent of a new generation of bigger and better nuclear-powered Trident submarines, into the Pacific less than 365 km from the mainland and sink them to the ocean floor, creating the country's largest nuclear graveyard.

President Ronald Reagan supports the plan, but in his home state Operation Seattle faces a wave of opposition. Indeed, many Californians contend that the West Coast already has more than its share of nuclear waste. The 2,000-km western coastline, extending from San Diego to the Canadian border, has two power plants. A new Trident submarine base has been built at Puget Sound, near Seattle. With There are also hydrogen bomb laboratories at Livermore, near Oakland, Damon, and Los Alamos, which, after fewer than 20 years, have begun to leak their deadly secrets. At least, California politicians maintain, an environmental group has joined forces in an attempt to block the Postagon's plan. The groups charge both the navy and the Environmental Protection Agency with deception and misleading public relations campaigns. They also claim that Operation Seattle is the spearhead of a Washington effort to neuter the EPA's regulations to end the United States' 13-year-long alliance with nuclear waste dumpers. Senator Barry Goldwater, D-California, said: "This is the lesson the government needs to respect the Pacific as the ultimate radioactive garbage ground."

Keene, who represents fishing towns along the state's threatened northern coastline, pushed a resolution denouncing the scheme through the California legislature in March. In February he introduced a bill in the state senate and

make a mistake, if those sub carcasses start rotting and leaking too much, the damage will be irreversible."

Many experts are arguing their case at public hearings in Sacramento. They claim that any remaining nuclear fuel will be removed from the submarines but they acknowledge that reactor cores and cooling pipes will remain. The navy confirms that each nuclear submarine would contain about 62,500 curies (the unit measuring the intensity of radiation).

An aerial photograph showing a bridge under construction. The bridge consists of two main vertical piers and a horizontal roadway supported by smaller piers. A temporary structure, possibly a cofferdam or a bridge approach, is visible on the left bank. The river flows through the gap between the bridge piers. The surrounding area appears to be a flat landscape.

Polyphyllia auricula suberosa U.S.S. Patrick Henry: irreversible damage.

diverty). By comparison, all radioactive wastes dumped at U.S. offshore waters between 1956 and 1970—when a moratorium on dumping was accepted—is said only 88,000 cubic m, by government calculations. That material, jettisoned from barges and aircraft under the auspices of the now defunct federal Atomic Energy Commission, at roughly 50 ocean dumps within a short boat ride of San Francisco, Los Angeles, New York and other coastal cities, is now the centre of a fierce controversy.

On a clear day one of the biggest damps—35 km from the mouth of San Francisco Bay, the jagged Little Farallon Islands, a preserve of seals and sea

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birds—is visible from San Francisco's Golden Gate Bridge. There, 47,000 barrels of radioactive waste lie scattered on the ocean floor. And its scientists have discovered in the past several years dozens of steel containers, rusted away or crushed by the pressure of 3,000 ft of seawater. Scientists found that radiation levels in seabed sediments were up to 2,000 times higher than those from normal "background" radiation. The grim findings remained a secret until San Francisco Supervisor Quentin Kapp in 1980 requested biologist Jackson Davis of the University of California at Santa Cruz to produce a background study about the dumping. Davis released a damning report in 1980, in which he described as "very optimistic" naval experts' "guarantees" of containment for 100 years. Said Davis, "They claim that by that time radioactivity will be decreased from 60,000 curies to 10,000 per year. They are saying, then, that 10,000 curies a year of waste—given that they would have to be annually—will be put directly into the environment."

Under certain circumstances a lethal human dose of radiation can be as little as one micro curie. Still, Davis cautions that it is impossible to determine lethal dosages with precision since the various isotopes that the body might ingest through the seafood chain must be taken into consideration. Explained Davis, "You could not devise a better way to put it into the food chain. The radionuclides would be used as reefs by lower forms of marine life. These could be eaten by higher forms, and at each stage the radioactivity would become more concentrated."

Elected officials in all four northern California coastal counties have passed resolutions condemning the radiation-disposing people. The protesters insist that the navy hold new public hearings before any final decision is reached. One could come in early 1984. Said Mendocino County Supervisor Daniel Hanchburg, "We are going to use everything we have to make the feds drop this thing."

There may be reasonable alternatives to the Pentagon plan, Davis, for one, reasons convinced that there are. "The oceans are corrosive, volatile and a living environment," he said. "Put this stuff, until we find a better way, in a cool, dry place on the surface—not into salt beds where it could drift into water tables, but where we can watch and control it." The Navy conceded that land burial is feasible at such sites as Hanford Nuclear Reservation, in Washington state. "But obviously we prefer the deep ocean," said a Pentagon spokesman. "There is nobody out there, and it's cheap."

—WILLIAM SCOTT in San Francisco

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FOLLOW-UP

John Hinckley's legacy

In the frantic moments after John Hinckley Jr. shot Ronald Reagan, on March 30, 1981, CBS-TV news reporter Dan Rather announced that James Brady, the president's press secretary, had been killed by a stray bullet to the head. A half-hour later the network corrected its story but predicted that Brady's brain damage was so severe that he would "fully end up a vegetable." But Brady, 43, miraculously defied the odds. After spending 10 months in the hospital and an arduous 16-month recovery period at home, he returned to work in the White House press office last November for one day a

week. Now, he hopes to step up the pace to two days. Brad has executive amnesia, Sarah McElroy. "His spirit astounds all of us. He is determined to take on a little more each day."

In fact, in March Brad took quite a bit when he and two others, whom Hinckley also wounded, filed a lawsuit against Dr. John Hopper Jr., the psychiatrist who had treated Hinckley for five months before he shot Brady. Secret Service agent Timothy McCarthy is now fully recovered and back at work. Washington police officer Thomas Belanayak has also recovered, and has retired from the police force. The \$14-million suit, filed in Denver, near the town of Englewood where Hopper treated Hinckley, charges that the psychiatrist was negligent in failing to warn law enforcement officials of the possibility that Hinckley would attempt a political assassination. Hopper, who acknowledged that he had never considered Hinckley to be seriously mentally ill, diagnosed him as having only minor problems and rejected Hinckley's millionaire parents' suggestion that their son be sent to a mental institution. It is expected that Hopper will reject any charge of malpractice in a formal legal proceeding which his attorneys are preparing to file shortly in Denver.

Third-party responsibility, particularly in the case of a psychiatrist who has treated a patient in confidence, is a legal issue now emerging in U.S. courts. A July, 1982, California case established a precedent when the Supreme Court in that state upheld a lower court ruling that psychiatrists must act to "avert foreseeable danger" to people threatened by the unusual visions of their patients.

Hinckley, for his part, remains confined in a high-security pavilion at St. Elizabeths Hospital in Washington, D.C., where doctors have been treating him since a jury found him not guilty by reason of insanity in June, 1986. The 38-year-old former drifter sees a hospital psychiatrist, takes several kinds of behavior-modifying drugs and participates in group therapy sessions. He is well infatuated with Julie Foster, the young actress whose attention he said he was trying to attract with his attempted assassination of the president. Hinckley now claims to feel "tremendous remorse for all the victims" of his shooting spree and has expressed a desire to "prove my harmlessness to a lot of people" as that authority will release him. That possibility, however, is highly unlikely. An 18-page August, 1982, report by psychiatrists at St. Elizabeths Hospital concluded that Hinckley "suffers from a complex and severe mental disorder" that makes him "an unpredictably dangerous person."

—DAVID BURSTEIN in Washington



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FOLLOW-UP

Smoothing a track ride

When Princess Diana visited Winnipeg last July, her itinerary included dinner at the post clubhouse at Assiniboia Downs racetrack and the running of a race in her honor. But to the embarrassment of officials just hours before her arrival, the track, owned by Michael Gobin, whose family's holdings included the old Winnipeg firm of Victoria Leather Coat Co., announced that it was going into receivership and closed its gates. As Dowsoney & Co., the receiver appointed by Wrightman Industries, which held a \$3-million mortgage on the racetrack, began to look for new owners, the province's new government stepped in to save the racing season and the track's 1,500 direct and indirect jobs. The province appointed James Wright, 35, and his wife, the former Linda Wright, 28, to run the track for \$100,000 a year, who had sold it to Gobin for \$6.5 million, as operating manager and quickly reopened Assiniboia Downs on July 22. The government continued to operate the track until Oct. 18, the end of the racing season, and in April Wright bought it back for \$6 million.

Government also gave Assiniboia Downs' financial rescue short two weeks after the track went into receivership, the federal government amended race-track regulations to increase the track's share of the betting pool to 23.7 per cent from 8.3 per cent. The Manitoba government is considering giving the track a grant for capital projects and already provides financial support for racing purses. Notes Wright: "This year they will spend \$1.6 million on breeder allowances and prize money."

Assiniboia Downs' financial outlook is now brighter, but Manitoba's horse racing industry has a way to go. In March the Manitoba Horse Racing Commission announced that it had hired an American, David Freeman, 29, as the province's racing supervisor, even though more than 100 Canadians had applied for the job. But in April federal Employment Minister Lloyd Axworthy reviewed the appointment and ordered the commission to find a Canadian. While Winnipeg bettors are hanging up at the pari-mutuel windows, Canadian applicants for the racing supervisor's job are anxiously jockeying for positions at the starter's gate.

—PETE CARLYLE-GORDON
en/Star

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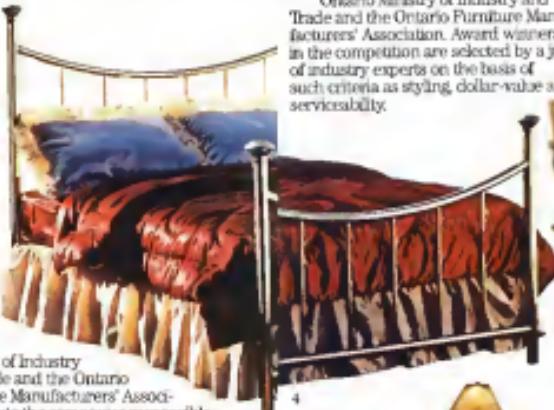
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7. Wiesen: Dining: Premium: Sheldene Furniture, Sheldene, Ontario
8. Wiesen: Dining: Liberty Furniture Industries Ltd., Guelph, Ontario
9. Wiesen: Wiesen's Award: Best Overall: Klughaus of Collingwood, Collingwood, Ontario

2. Wiesen: Dining Room Furniture: Silver Pepperpot: Herkulesen Ltd., Whitchurch, Ontario. (Other winners by Silver Pepperpot: Herkulesen not illustrated include: Wiesen: Oval-shaped Chair; Wiesen: Sofa Bed Convertible; Wiesen: Table)



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FOLLOW-UP

The unfashionable West

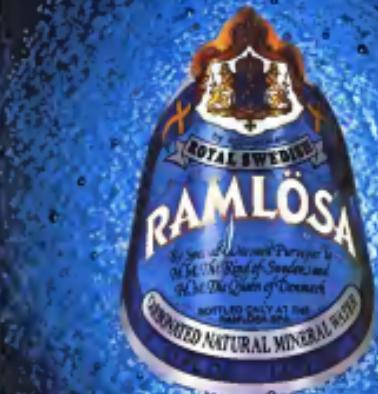
In 1979, after three-piece white suits had exhausted their run in the discotheques, New York fashion designer Ralph Lauren devised a new way to sell clothes. He referred to yesterday, when men were men in silk-front shirts and pointed boots and women were ladies in blouse and gingham. His men's suit, £1,200, became a success in the United States. And when Darrell Miller, 28, a sales manager for an interior design magazine, bought her first and only pair of cowboy boots—in white leather—for \$150 three years ago, even though "it bothered me to get onto a trend." But she admits that she never wears them now. "The bad way off is sooo out!" says Miller from Vanc-

ouver. Said Beverly Bowen, Globe and Mail fashion writer: "People who enjoy wearing cowboy boots or people who like horses were always there with them."

As for the trend followers, Penelope MacIntosh, 28, a sales manager for an interior design magazine, bought her first and only pair of cowboy boots—in white leather—for \$150 three years ago, even though "it bothered me to get onto a trend." But she admits that she never wears them now. "The bad way off is sooo out!" says Miller from Vanc-

ouver. —BARBARA KERZNER in Toronto

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ownd, still following the principles
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filling his dream. And today's John
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and fullness. So he had no use for pale
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same kind of malt we use today in
John Labatt Classic.



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bottle with the gold label bearing
the name of John Labatt himself.
A man of his time, A man without
compromise. A man whose dream
has been fulfilled. And if you think
you can detect a gleam of pride in
his eyes, chances are, it's right.

For one thing, economics is one of the
few disciplines in which the behavior of
subjects can change. Everyone knows
that when a supply of any good is
damaged on the market, the price will fall.
But after a 10-year period during
which money was continuously dumped

on the market and its price—interest
rates—rose, economists learned something
new: prices do not always fall
when supply increases. If the cost of
money rises when supply increases, it
still makes sense to borrow, even as
interest rates rise, because the percep-
tion is that they will continue to go up.
That is precisely what has been hap-
pening, and quite recently. What econo-
mists were slow to figure it out.

COLUMN

How economics lost its credibility

By Diane Cohen

Recently, while I was leading a
workshop on future job requirements,
a young man asked: "Aren't you ashamed to call yourself an
economist? Your profession has not
forecast anything right in years, and the
economic policies we have had to
endure have all but destroyed the economy." He had a point. Only 20 years ago
economics was the golden profession.
Economists had all the right answers.
Their forecasts were accurate, and their
policy recommendations worked. The
1980s saw economic growth average an
per cent a year, just as economists pre-
dicted it would. Students flocked to econo-
mics classes. The establishment of a
Nobel Prize in economics in 1969 gave
the discipline even greater legitimacy,
and then the thesis fell apart.

Federal tax increases in 1980 and

1981 caused a recession but failed to
wreck inflation in the ground, the
voluntary wage restraint program of 1980
was also an unsuccessful inflation
fighter. In 1972 Canada and the United
States sold vast quantities of grain to
the Soviet Union, whose crops had
failed, but apparently never thought
that a grain shortage would cause world
price inflation. And so it did. And so it did.
And so it did. And so it did. And so it did.

Economists forecast the \$100 billion price
increase in 1980, when the price of oil
more than doubled to \$11.65 a barrel
from \$5.15. Economists "predicted" the
inflation that such a price rise would

cause—after the fact. But they did not
anticipate the recession created by the
diversion of millions of consumer dollars
from goods to pay for gasoline and heating oil.
Suddenly, in 1975, we had what
Western economists had previously said could never happen:
the coexistence of rising inflation,
shrinking economic output and growing
unemployment. And our economic situation
has gone downhill ever since. In
barely 10 years economists and economic
practitioners have, according to U.S.
economist Lester C. Thurow, gone
"from the front cover of Time magazine
to being widely condemned as failures."
What has happened is bring about such
a change?

For one thing, economics is one of the
few disciplines in which the behavior of
subjects can change. Everyone knows
that when a supply of any good is
damaged on the market, the price will fall.
But after a 10-year period during
which money was continuously dumped

on the market and its price—interest
rates—rose, economists learned something
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interest rates rise, because the percep-
tion is that they will continue to go up.
That is precisely what has been hap-
pening, and quite recently. What econo-
mists were slow to figure it out.

That unique characteristic of eco-
nomics may explain a fraction of the
failure of the economists profession.
But economists have a lot of other
things to answer for. In the 1980s, when
economists had good messages to de-
liver, the profession never discouraged
the popular belief that the messengers
actually caused the happy events to
happen. They even believed it themselves.
But it has never been clear
whether the economists were right or just
lucky. Economics is not an experiment.

**Economists have yet to
explain why theories
that made so much
sense 15 years ago make
such little sense today'**

in science. We cannot put whole societies
into a laboratory to prove theories
right or wrong. Economists did the next
best thing. They developed mathematical
models. Just before I arrived at
graduation school 20 years ago, economists
became big stuff. Students were
encouraged to focus their thoughts about
economics in mathematical equations,
on the grounds that economists
had the "real solution" to the endless
disagreements about what theory was
right. By finally finding the one "true"
theory, economists would be able to accu-
rately predict the future, although it
has not quite worked out that way. But
the problem, true in its essence, is
reluctant to give up its scientific image.
Even though economists model
new areas more and the mark than ever,
economists have yet to explain why
theories that seemed to make so much
sense 15 years ago make such little
sense today. The answer may lie in the
basic contradiction that most economists
have learned to ignore: according
to the theory of prices, supply and demand,
all markets are in equilibrium—that is,
though competitive bidding

supply will always equal demand. If
the price goes up, more supply
will come off the market. If there is more demand
for a good than supply of it, prices will rise and some
sharp entrepreneurs will bring goods to
market until supply equals demand again.
But the other side of economics—the
big picture that led famous British
economist John Maynard Keynes to an
understanding that the Great Depression
would go on forever unless governments
intervened to create demand—is basically
a study of markets that do not clear
and that are not in equilibrium.
According to microeconomics—the
study of how markets work—it is im-
possible for anyone to be involuntarily
unemployed or for inflation to exist. If a
person wants to work, he need only lower
his wage demands and someone
will hire him. Similarly, if energy prices
rise, people will have less money to
spend on other things. The prices of
those other things will fall, offsetting
the energy price rise. But things have
not quite happened that way. Nor have
they gone the way Keynes said they would.
Although Keynes advocated that
governments should spend their way
out of a recession, then stop spending in
a period of recovery, governments never
stayed away.

Today, economists are disagree-
able because neither of these theories
knows how the economy works or should
work in sufficiently persuasive to be
totally convincing. But neither theory can
be proven conclusively wrong. Since no
better alternative has been advanced,
economists now seem to be suggesting that
"real world" explanations that
do not accord with their own favored
theory either does not exist or should be
ignored. Economists' Theory, in Douglas
Caves' new book, which deals with
today's state of economics, says that
what is happening "is rather like
believing that the world is flat—you can
make a rigorous case on paper, but hard
evidence is more than a bit scarce."
Moreover, if you choose to act on it, you
can get into a lot of trouble."

It is time for economists to start
looking more closely at what is happen-
ing out there and to concentrate less on
keeping their theories intact. The world
will survive without them if they cannot
keep up. And on the basis of past experience
they would have a lot to offer.

Diane Cohen is a Montreal-based non-
fiction writer.

Brewed Without Compromise.





Ottawa's Civic Centre, site of the Tory convention: all the traditional trappings, but High Tech will prevail

CANADA

The Tories make their choice



By Susan Riley

When the 3,140 delegates arrive in Ottawa this week to select a new leader for the Progressive Conservative Party, they will find all the trappings of a traditional political convention—balloons, brass bands, bunting and bark rooms. But more than that, they will come face to face with computers, starting with the most sophisticated methods of monitoring delegates ever used at a Canadian political convention. Computer banks run by the various camps will spot out the names and voting preferences of delegates at the touch of a button. Campaign workers armed with walkie-talkies will roam the convention floor, checking in every delegate and potential supporters from every last minute arm-twisting. From the minute they step off the plane delegates will be tracked like so many Soviet missiles. And, with conventional details planned to the minute

by party officials, nothing will be left to chance in the high-tech gathering of the Tory faithful—except, of course, the outcome. Despite the best laid plans of candidates, as clear winner emerged in advance of the voting. As Peter Penlington's campaign manager, Stephen Willis, noted, "A convention is a live-in, with a purposeful life of its own."

From the minute they step off the plane convention delegates will be tracked like so many Soviet missiles

Even by part standards, the convention will be unique this year. In total, delegates will represent 11 federal polls, some 25 to 45 percent of the delegates will arrive in Ottawa unselected, or deeply ambivalent. As far as the front-runners, they will arrive at the convention backed by ordinary human flesh that registers as major political Maclean's

handicaps. John Crosbie, for instance, the former Tory finance minister from Newfoundland, has been dubbed the "unilingual candidate." In fact, his surprising strength lies through the party into an agonized examination of conscience, dare it fly in the face of recent history and elect a future prime minister who cannot speak French.

As for Brian Mulroney, the bilingual baritone with the made-for-television looks, he is still fighting criticism that he lacks parliamentary experience. And the Manitoba businessman's meek smile had started to fray toward the campaign's end as he exchanged sharp words with the media—and threatened to sue the man. Meanwhile, Quebec millionaire businessman Paul Poirier, whose dying docteur sheet has connection with America's US presidential race, and reflects that he would be a good fit for the job, was curiously absent. Luke MacIntyre, "The Punk," has no House of Commons experience. But he stood strongly to the party's resurgent right-wing youth and small business men—the new crop of Republican-style Tories that was to take

the "progressives" out of Progressive Conservatism.

On the other side of the ideological divide stands David Crombie, the popular former mayor of Toronto and health minister in the Clark government. Crombie is carried with poor organization and rumors that his campaign is out of funds. Meanwhile, his former cabinet colleague, Michael Wilson from Toronto, straddles the right-left ideological divide and has both business and parliamentary experience. Not right up to the convention Wilson was steadily reassuring the nation that he is too "boring" to win a national election and that his political base is no broader than southwestern Ontario and no longer than Bay Street.

More than any of the others, former prime minister Joe Clark has tried to adapt the mantle of father figure Robert Stanfield—a man who once vowed to never be the Conservative party of moderation. Clark has consistently warned that the party's future lies in the mainstream—only from that position will the Tories be able to beat a liberal party led by John Turner. But the "No Left Turn" buttons that showed up at pre-conventions rallies were a direct rebuke to the party of Robert Stanfield—and Joe Clark. Clark urges his party not to jettison what looks like certain victory in the next election for a move to the political right. But Clark is also fighting a rare streak among his peers: a sense of hubris.

Conventional wisdom has the former prime minister leaving with 300 to 1,000 delegates—for short of what he needs for a first-ballot victory. Most pundits rate Montreal businessman Mulroney and former finance minister Crosbie second and third—with something between 800 and 900 delegates each. Although the contest has been largely perceived as a three-horse race, the weak powerful Ontario Tories—including some of Peter Wilson's former supporters—were whispering that Wilson, the square-jawed bilingual Bay Street lawyer, was running a strong campaign. Poirier not necessarily. Poirier was noted that he would have favored Wilson if his own campaign failed. But even if the scenario stood up at the start, what hap-

pens at the second, third and fourth ballot in stiff anyone's guess. Said former MP Ron Atkey: "The one who makes the least mistakes will win."

Despite the uncertainty, some old traditions survive. By midweek the customization banners will be flying high within Ottawa's squat Civic Centre. Delegates decked with buttons, wearing John Crosbie hats or David Crombie's bright yellow juggling suits, will be jogging from breakfast, to lunch, to reception, to late-night drinks. Eventually, they will drop by the policy workshops to get their feet up. Meanwhile, back at the 45 convention hotels—many of

Toronto is special railway cars, selected all the way by the folk group The Travellers. Mulroney, who landed by train in a beauty reception at the 1984 leadership, plans a low-key arrival in an attempt to downplay the stink-free spending image from his past.

When the candidates arrive they may not stop for an animated chat with an old friend in a busy corridor. Instead, they may bow to the wishes of a phalanx of advance workers wearing discreet earplugs, with microphones clamped to their shirts, who will be watching for approaching contestants—or, better still, hungry television cameras. Chatting with the candidate may only last as long as the television lights blare—and then the candidates will be whisked away again. There is nothing quite so important for "sound" appearance as timely parties. "You don't want to have to leave," says Wilson's floor manager, Larry Staszewski. "It is disastrous for a future prime minister."

Scripting is only one part of a modern convention, but in Ottawa the degree of advance planning is unprecedented. First, there will be more than 1,000 walk-calls in use by candidates, party officials and the television networks. There will also be 1,800 media people. With a potential TV audience of seven million for Friday night's speeches, it is little wonder that John Crosbie's "spectacular" press conference demonstration has been timed to the momentous first

hundreds of flag-waving fans will march in behind a Dixieland ensemble. The Crosbie Crusaders. They will ring a resounding cheer of their campaign song, which fits along to the tune of "Marching to Precious." Then they will sit, laughing abundantly to themselves with Wayne Gretzky will be surely disappointed. According to his agent, about 80 will not be there.

Many delegates will be unaware that most of the attendees around them are as spontaneous as breed can. For one thing, candidates will be making progressions from the moment they enter at the stairs—or slip into town, depending on the time they want to establish. Wilson and his delegates, for example, plan to arrive from

their suites from downtown Ottawa—drums will bang, cymbals clang and horns blare. Some youth delegates are likely to wear the raised sword of some members of the Edmundston Oilers hockey club, one of Poirier's more solid suits. But those hoping to rub shoulders with Wayne Gretzky will be sorely disappointed. According to his agent, about 80 will not be there.

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But if the candidates are moved



Clark and McTeer: controversial leaders of the first ballot

around like pins on a war map, delegates too will be under constant surveillance. The 250 frequencies assigned to the various walkie-talkies will create so much interference that television cameras will need special cabling to prevent disruption of their signals. Clark's camp alone will have more than 400 walkie-talkies. All the major candidates will have specially rugged trailers outside the areas that will serve as their command posts. Inside organizers will scan computer screens of first, second- and even third-ballot counts of delegations. On the all-important voting day, Saturday, the trailers will function like ten dispatch rooms. Five agents will report on potential trouble or emergency. Operatives Command will order their workers to chain down strategists. "If you can imagine trying to find a guy and 1,000 people, mailing around and lost, you can see how important the tracking systems have to be," says Larry Beaumont. And for the first time at a Canadian political convention, extraordinary measures will be taken to prevent electronic eavesdropping which has plagued previous conventions. In Ottawa in 1975, the Claude Wagner and Paul Hellyer campaigns used the same frequency for their walkie-talkies. They freely listened in on the other camp's conversations and tried to jam the rival transmissions. "The systems broke down completely," says a veteran of that campaign. "It was like trying to listen to 10 telephones at once."

To avoid a repeat, this week, the party has tried to get candidates to rent equipment—at roughly \$150 per walkie-talkie—from one company, Christie & Walker Electronics of Ottawa. Along with handles, Christie & Walker is providing several candidates—and some networks—with their own private frequencies. "The numbers are being kept as secret, even the candidates don't know them," says Kurt Pogoloski of Christie & Walker. The Tories have even asked the federal department of communications to

block outters to the Civic Centre to actually locate any electronic gear.

In answer to the mounting question about what factors will move delegates from one candidate to another? Delegates could be courted by offers of everything from free meals in the most expensive hotel, says Wilson, those who "not only pay the paper they are not voters are, and delegates know that." But Robert Miller, Gough's chief press aide, jokes that his approach to wavering delegates is "get them into whisky, one whisky and one bottle with pencils in their hands—before delegates become men in." More seriously, he notes that while drinking might lubricate, "they don't stay votes."

Clearly, Friday's speeches will be a major factor in the delegates' final decision. Each candidate will have 25 minutes for a brief "spontaneous" demonstration and address to sell his wares.

In his book *The Party Syndrome*, Queen's University Prof George Perlin analyzed delegates behaviour between balloting at the 1977 convention. He concluded that neither patronage nor money from campaign workers influences voters as much as a candidate's personality and marketability.

While ordinary delegates like Gough were being alternately courted and pestered this week, in public at least the candidates were keeping a more respectful distance from party power brokers, such as provincial president Peter Lainghead of Alberta, William Davis of Ontario and New Brunswick's Richard Bedford. Reasons of behind-the-scenes deal-making



Mulroney with wife, Mila, with MP Otto Jeckel; displaying the baton

Brian Mulroney, an accomplished orator, is in the enviable position of starting first. Even if he performs brilliantly, he risks being forgotten entirely by the time the seventh speaker—David Crombie—races about five hours later. For his part, Crombie probably the most gifted speaker of them all, will be fighting an audience grown numb in the wash of words. Meanwhile, Crombie, who speaks third and who is lone and sometimes with small groups, tends to be swiped at his scripted speeches. As for Clark, the fifth speaker, he will aim to avoid the wooden solemnity of his 1976 address.

For Jim Gauthier, a delegate from Belleville in southeastern Ontario, the process from candidate to voter has been intense. Through the campaign he has received "a fantastic amount of mail," including a record from David Crombie on a tape cassette from John Gamble. The 3,000 tapes cost Gamble \$5,100 and feature 80 minutes of the candidate expounding on policy. The various camps have telephoned Gauthier at least 30 times according to candidate Crombie; delegates have never been blessed with more attention. "They love to be courted and wooed," he said. Adds Norman Atkura, a Toronto attorney and party veteran, "They will never be as important. The attention is fattening."

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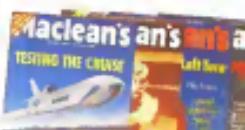
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cession of loser to winner, the bestowing of victory, the promise of a cabinet post. Mary Torr still recall the drama of 1979 when a shattered Flora MacDonald threw her support to Clark. The two embraced amid sobbing supporters, and Clark led one of his fellow staffers around MacDonald's neck. In fact, both Ted Turner reportedly agreed before the vote that, whatever he believed would move to the leader's box.

For all the drama—natural and contrived—there are still eight wild cards in the play, the candidates themselves. All will be trying to avoid errors. Stephen Willis was national youth director for former Manitoba premier Doug Radin at the 1987 leadership convention that elected Robert Stanfield, and he knows how costly errors can be. The last day of that convention Robin turned up for a break-gag session unshaven that he had to give a speech. "He stumbled badly,"

said one, but it is a measure of the volatility of the convention that no many of the party's major figures moved to Ottawa with no definite mandates. Loughran will set off. His temporary court is a teacher at the Civic Centre gymnasium. Like Davis, he is not discreetly supporting anyone, but in some ways that is an indirect slight to Clark.

More subtly, throughout the week other influential but less well-known Tories will be making well-timed appearances in candidates' houses and at receptions. Very social policy critic Flora MacDonald, who still commands considerable affection in the party, will be at Clark's side. Saskatchewan Premier Grant Devine is also expected to join Clark in his residence before the vote. How important any celebrity endorsement actually becomes is difficult to say except for three men: Joe Clark has few major party figures publicly behind him when he was in 1976.

But in tight campaigns the most pedestrian details assume heightened importance. Campaign noise, for one thing, must hit the right note—somewhere close to middle-of-the-road without being out in left field. Last week a Clark adviser was set alone in recessing right-slipped about the choices, promising only that the man would be "meaningful and in keeping with the tone of our campaign."

Earlier in the week messages from all campaigns flooded in for another mammoth conference—to determine seating arrangements within the Civic Centre. By drawing lots, Crosbie and Clark ended up at extreme ends of the room, with Crosbie between them—as excellent location for apparently "symmetrical walks." Explained one apoplectic Crosbie worker: "Everyone has a bone to pick." The "walk" is the highlight of every convention—the percentage pre-

suming豪ness this week. In keeping with the new neutrality, MacLennan has not scheduled a social event for Friday after the speeches. Said one organizer: "We don't think it's appropriate. We think delegates should reflect on the speeches and not get drunk in Hall." Clearly, "slippage" traditionally is a concern to all candidates.

Crosbie appears to have run the most lavish campaign. He spent an estimated \$750,000—more than his closest rival, Clark, whose campaign will cost between \$450,000 and \$500,000. Assurances at Crosbie's big-spending ways may be somewhat offset by the falley burr of Newfoundland accents at some of his events—and the down-home flavor of pickup singing groups like The Barking Kettle. Apart from that, there was a feeling among the delegates that they had come to Ottawa for a good time, not a long time. While bilateral audiences are oftenest, few Tories would be content with the box lunches and coffee that have fueled so many New Democratic Party conventions. Tories like to have a good time," says one veteran party worker. "But they like to know where their partners are at all times."

At the same time, Crosbie and Loughran, through some巧妙的parallelism that all candidates are trying to avoid, especially before the results are out of television cameras. It may say something about Canadian ingenuity that so many viewers are expected to watch the Tory convention. A country cheerfully diverted by middle-aged men in dark suits delivering stodgy speeches may be a country body in need of a new national sport. But if viewers are lucky—and if history provides any clues—they may be in for a genuine drama. The sharp-eyed may even catch a glimpse of something resembling democracy.

By John Bay and Carol Gross in Ottawa, and Louise Wiesner and Carol Strommen in Toronto



Loughran (top), Davis (above) and HEPPEL, moves imbued with significance

and after that we never recovered," recalls Willis.

Occasionally, however, a candidate can turn adversity to advantage. When the 1976 convention opened every candidate but MacDonald had banners and posters featuring the man from MacDonald's organization had bungled the deadline for decorating. But rather than cringe at the mistake, his organization cleverly exploited it as another example of shunning snobbery.

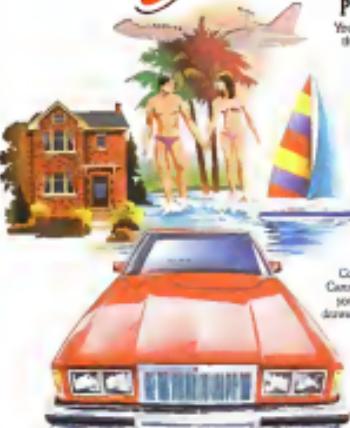
No candidate will be more conscious of his image than MacLennan, who will attempt to display his newfound frugality. Still, he will have close to 500 workers in Ottawa, and his convention bill will be almost \$450,000. And his organizers, who will all be based at the Chateau Laurier, even agonized over whether to hire a band for an eve-



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What they stand for

The Tory leadership hopefuls have travelled the country for the past 12 weeks, talking about jobs over breakfast, oil prices over coffee and cuts needed at dinner. Although at present their platforms are little more than the thoughts of eight would-be opposition leaders, in time they could be the agenda of a new prime minister.

Four of the eligible 31,400 delegates at this week's convention will vote on the basis of policy alone, but with an election due within two years Conservatives have begun to think seriously about what they stand for. There are neither major surprises nor radical ideas in the platforms of the main contenders. Nor is there a marked diversity of views, despite the ballyhooed war between the hard Tories and right-wing Tories. All three giving the private sector free rein, all believe that government is too big and intrusive, that Canadian oil prices should be allowed to rise to the world level—with the exception, mind you, of the beneficiaries—and that Parliament should be allowed a free vote on the death penalty.

Among the cluster of moderately right-of-centre platforms, a few ideas have sparked heated discussion.

- Peter Pocklington's call for a 30-per cent flat tax rate on Canadians with taxable incomes under \$12,000 has drawn an immediate but more left-leaning alternative, work at David Crombie and Jim Clark, both granted as worthy of discussion by those further to the right, such as Brian Mulroney and John Crosbie.

- Crosbie's proposal of a free-trade relationship with the United States forced the other candidates to spell out their views of the country's economic future. Most, including Clark, Crombie, Mulroney and Michael Wilson, insisted that Canada's destiny lies in branching out and the world. Only Pocklington and Crombie's constituents agreed.
- John Gaudet's insistence that Canada restrict its foreign aid to democratic governments led to soul-searching about the country's obligations. Only Clark and Crosbie agreed that foreign governments should be examined.

Some issues remain unclear. While all guaranteed, for example, to reduce the size and spending of the government, it was rarely clear exactly when and how the cuts would be made.

Marianne's Ottawa Bureau Chief Carol Goar has compiled a selective look at the platforms.



What relief can you offer Canada's 1.6 million unemployed?

We must review the federal government's appropriateness in the Canadian economy. This means restraining federal spending and reducing the deficit. It also involves returning incentives to the tax system, to encourage investment, risk-taking and job creation, particularly for small business.



David Crombie



John Crosbie



Brian Mulroney



Peter Pocklington



How do you respond to John Crosbie's proposal for a trade agreement with the United States?

Unrestricted free trade with the United States makes no sense. The possibility that thousands of jobs could be lost in such critical industries as health, finance and footwear before the jump on the bandwidth of confrontation, we should strengthen our industrial structure so that we are more competitive.

I'd make business grow and profit, thereby stimulating private sector employment, and make use of the National Training Act to help individuals prepare for a changing work world.

There are no miracle solutions for our unemployment crisis. What I offer is sound economic management to restore confidence and job-oriented investment in our economy, so I offer unemployed people realistic help for a better future.

I intend to set up a House of Commons committee to review and simplify the income tax system. The committee will estimate the costs and benefits of various proposals with respect to a flat-rate income tax.

We would be more alive if we open our market to the United States, we won't be able to sustain our manufacturing.

Canada rejected free trade with the United States in 1911. They would do so again in 1983. Canada must increase its share of world trade, which has dropped by 33 per cent in the past two decades.

I believe in free trade between Canada and the United States, but we must ensure that Canadian industry gets the same access as we give the Americans.

Unrestricted free trade with the United States is simplistic and naive. It would only serve to further diminish our ability to compete internationally.

Should Canada set the oil price at the world price?

Until a new agreement with the producer, producer cost must be recognized, the federal government should continue the 75-per-cent ceiling on Canadian prices. If, however, world prices continue to fall, Canadian prices should not be rolled back. What is most important is to minimize government involvement.

Canadian prices should remain level within 12 months. Canadians would be offered subsidies to help cover increased heating costs.

Canadians should pay world price for crude oil within a reasonable period. There may be a need for certain subsidies for specific regions, but there is no need for crude oil price subsidies in Canada.

I promised my constituents to put the question to a free vote in Parliament. It would vote for a tightening of the law to ensure that the mother's life is genuinely in danger.

Canada should move to world levels, but the consumer should not pay a cent more. The federal tax rate should be reduced.

The law must be clarified and enforced. We have options, though they were serving coffee at a coffee party.

Abortion should be allowed in exceptional circumstances, not on demand.

Canadian oil prices should equal the world price.

Decisions should be left to the hands of the family.

It is important to keep an open mind on the possibility of world pricing for oil. Over the next term the price for "old oil" received by producers must not be rolled back.

Abortion should not be used as a means of birth control. The issue should be decided by a free vote in Parliament.

As a member of NATO, Canada is committed to such testing. Over the longer term, we must examine our defence commitments to ensure that they live up to our national interest.

Should Canada test the cruise missile?

If the Geneva arms limitation fails, fed and nato's deployment of the cruise and Pershing II missiles presents, I would support such testing. My hope is that the negotiations will be productive.

Canada should test the cruise on part of its north coast.

I support cruise missile testing to strengthen NATO's bargaining position and to convince the Soviets that the West is serious about improving its defenses if there is no agreement to adhere strictly to nuclear weapons.

Of course we should permit the United States to test the guidance system. It is through weakness that war starts.

I support cruise testing if it can be shown that the system will immediately lead to a global arms reduction.

Lights, cameras and Tories in action



The weekend close to seven million Canadians in living rooms across the nation will be used in to the Tory leadership convention. The five television networks—CTV, Global, Radio-Canada and the French-language private network TVA—will be testing the latest technological gadgetry in what will be the biggest media event in Canadian history. But for the two largest networks, the CTV and CTV, the most important part of the job will require more traditional journalistic skills. Both networks have gained the confidence of their viewers after their success last weekend at the Tory convention in Winnipeg last January.

At that meeting CTV and CTV badly misread the mood of the delegates and came close to announcing that Jim Clark had overwhelmed pro-union forces. While the balloons were still being counted, CTV released a straw poll indicating that a decisive 78 per cent of the delegates would support Clark. Instead, with only 65 per cent, Clark defied the media predictions and called a leadership convention. David Halton, the CTV's chief political correspondent, missed a CTV poll for confirming the coverage. And Dalton Camp, CTV's tactful poll of the first 200 delegates at the voting booths who happened to be Clark supporters. Ward of that poll reached our booth and we commented on it." Still, he said, the CTV has learned a lesson from that mistake: "You can be sure this time around we'll take exit polls with a grain of salt."

Of the 1,800 accredited journalists, between 600 and 300 will represent the networks. As usual, each network will rely heavily on guest commentators—close to 25 have been lined up by the networks—and at these it will be hard to see the politicians for the pundits. May, like Tory politico Alan Gregg and

Dalton Camp, a former Conservative party president who will appear as CTV's new string party allegiances. But few see any problem with this mixing of roles. Days columnist Douglas Fisher, himself a former MP, says: "Most conflicts of interest are so apparent and broadly well-known that they [the commentators] can't be evil. We know where Dalton Camp stands."

To put on an impressive show, both the party and the networks are spending lavishly. They have invested more than \$2 million to offset the luculent risk in Ottawa's Civic Centre with 300 press tables, more than 1,000 places, \$125,000 worth of lighting and hundreds of yards of cloth to beautify the activity on the convention floor into visitors' homes. Television reporters will carry video cameras and wireless microphones to enable them to report freely without fear of tripping off their cords. Despite the state-of-the-art setup, anomalies for the free media are guaranteed because they are being shared at 100 intersections and crisscrossed broadcasting locations in the upper east and west corners of the centre, while the Tories reserve the front rows for observers who are willing to pay \$125 for choice seats.

Reporters will also be housed from

the candidates' seating boxes at the north end of the arena, opposite the stage. Raymond Hines, vice-president of news and executive officer for Global, says that the restrictions arose largely because of the PC executives' lack of experience and trust in the media. "When it comes to dealing with the media, the Tories are basic leaguers compared to guys like Jimmy Grant, Richard O'Flaherty and Keith Davey," says Hines, referring to three of Pierre Trudeau's trusted advisers on the media. The Conservatives, for their part, argue that their first priority is the party's true believers—the 31,000 voting delegates and 2,000 alternates.

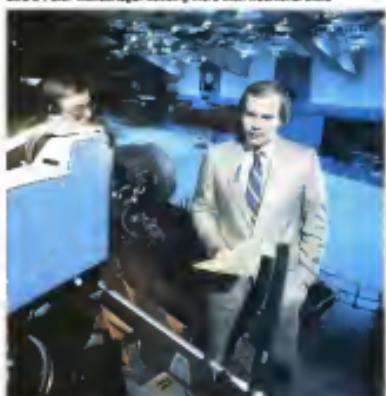
Arguably, over again, allocation has not been the only source of friction between the media and the party. Through the campaign various publications have been in agreement with the message that they have received. In Alberta, Clark's campaign "TV strategy" probably about the issue of the media in this country. Last month Brian Mulroney threatened to sue CTV reporter Mike Duffy for a report that said Mulroney's "lieutenants" were forming a step-Clark alliance with the sides of candidates Michael Wilson and John Crosbie. David Crosbie, too, was

had cause to complain. He is sorry that the media covered him not as early in his campaign. The former mayor of Toronto has been treated as a dark horse with little chance of winning. "I think the press liked David, but they wrote the script early without him," says Crosbie's worker Robert Miller, himself a former journalist.

Still, despite the harsh coverage there is no question that the heat to the Tory thrash will have to come more closely with television. No hospitals were throughout the three days of the convention will be without a TV, dutifully tuned to the Tory proceedings. Delegates want to smile at the delegates, they will have to learn to smile at the cameras first.

CAROL BREWAN
in Toronto

CTV's Peter Mansbridge: needing more than traditional skills



CAROL BREWAN



Air Canada DC-9 in flames on the runway in Cincinnati; Forest (below), 22 died within a minute of the landing

A burning nightmare at 31,000 feet

From his second-row window seat on Flight 787, Forestorantus Richard Parrett, 36, saw only slightly ahead when the Air Canada steward walked past him toward the rear of the DC-8 carrying a fire extinguisher. The management consultant had worked for the airline for 25 years and for four last Thursday night's flight from Dallas to Toronto was fairly routine. "There was a little smoke in the back of the plane," Parrett said afterward. "There was the impression that everything was under control." But it was not. In 20 minutes, 60 of the 90 people on board were dead.

Shortly after 7 p.m. EDT a passenger alerted a stewardess that smoke was coming from one of the rear lavatories. Raymond Chalifoux, 22, of Laval, Que., said later, "The stewardess opened the washroom door, and a cloud of smoke came pouring out." The stewardess slammed the door, but soon the smoke belched from the culvert. The pilot, Capt. Donald Cameron, radioed the Federal Aviation Administration control centre in Indianapolis at 7:08 with the message, "Mayday, I have a fire on board." At the time the plane was cruising at 31,000 ft. In only 12 minutes Cameron was on the ground at Greater Toronto International Airport after bringing the DC-8 down, an air passenger put it, "like an elevator." The pilot's last message to the tower just before he landed the aircraft was, "I can't see

a thing." Like the rest of the plane, the cockpit had filled with smoke.

It was 7:10 p.m. The smoke was unbearable, said Parrett from his hospital bed at Booth Memorial in Florence, Ky., near Cincinnati, where he and 14 other passengers were being treated for smoke inhalation and minor injuries.

"The smoke was very dark and so thick that there was no light in the cabin." And there was fire, the greatest fear of flyers. In the enclosed aisle of the aircraft it spread quickly through the synthetic-covered walls and ceilings.

The DC-8 has a capacity of 365 passengers, but with only 12 aboard, the flight attendant moved them forward and had them put their heads down. Parrett joined the other survivors in praying the work of the attendants. "There was no real panic. The passengers were remarkably calm."

Cameron's performance was truly remarkable. His chair was an fee in the aisle-tilted cockpit as he landed the plane in a half-kilometre. The fire exploded on impact, but Cameron quickly brought the plane to a halt. Air rescue crews raced to help, emergency crew clusters descended from the plane, and the first flames shot from the fuselage. Jack Barry, assistant director of operations at the airport, said that when the intensity of the fire quickly increased, the passengers had "maybe a minute" to get out. Parrett said that he hurried for a few mo-

ments, thinking a rush to the exits might be more dangerous than the smoke. "I had to feel with my hands to tell if the smoke in the aisle next to me had moved out. I wanted to get out because there was some air about a foot above the floor. After sliding down the aisle I looked back. I think I was going to one of the last in get out."

The 28 who did not, in the frost and mid-airline, died of carbon monoxide poisoning within a minute of the plane's landing. Twenty-one were Canadians, seven of the 16 survivors. Barry credits the five crew members, who were the last to leave the plane through broken windows, for "getting all those people off who did get off." When First Officer Claude Guillet escaped, his uniform was still on fire.

It could be weeks before investigators—including the FBI—determine the cause of the fire. Initial findings focused suspicion on an electrical pump in the toilet and not a cigarette. And the tragedy added to the list of problems that have plagued the DC-8—a plane that is valued by the industry. Earlier Thursday was crashed in Samarinda, Indonesia, killing three passengers. On May 13 an Air Canada DC-9 skidded off a runway in Regina, and yesterday the plane in Thursday's tragedy dropped its tail rope into the Atlantic in Sept. 1979. Under the precentary care of a lung specialist in Florence, Parrett counted himself and the survivors among the lucky. "The hospital went through a disaster drill just a couple of months ago," he said. "So they were well prepared for Thursday night. We were very fortunate."

HAL QUINN in Toronto



World leaders posing for photographers during the Williamsburg summit. The emphasis was on compromise, not controversy.

WORLD

How Reagan runs a summit

By Michael Posner

Midway through President Ronald Reagan's meeting of the Seven, Williamsburg turned to moonlight, there was a sound of crashing furniture. Chosen, somewhere behind the imposing dam, a chair or stool had collapsed. For a minute, 100 hasty security agents flocked. The president, gowned, then quickly quipped, "Missed me!" A wave of relieved laughter swept through the College of William and Mary. In fact, Reagan's impatience was a fitting theme for last week's lavish annual gathering of industrial nations. Deliberately bumptious, complacent about U.S. policies, the seven summit participants—from Canada, Japan, Britain, France, Italy and West Germany—allowed Washington to manage virtually unopposed.

Still, the Williamsburg talks will si-

multaneously have a notable impact on international and national policies. West German Chancellor Helmut Kohl sought and won Reagan's approval to explore a possible East-West summit with Soviet leader Yuri Andropov later this year. Opponents of Prime Minister Yasuhiro Nakasone, soon to return to Japan to campaign for parliamentary election, charged that he had exceeded his mandate by signing Tokyo to Williamsburg's "unqualified consent." Reagan was impressed by the prime minister's determination to stick to an unstructured agenda. The informal give-and-take of the discussions yielded a free exchange of views, said Trudeau, and the process established a good basis for trust. "Reagan took a very big gamble that we could produce results without a preordained communiqué and he was that gamble," the Prime Minister declared.

Washington had made no secret of its

rather than controversy. The result was a sense of genuine if modest agreement—both on broad economic goals and, for the first time, on arms control and collective security.

In varying degrees, each of the seven summiteers expressed satisfaction with the three-day meeting. Canadian Prime Minister Pierre Trudeau was particularly effusive. He congratulated Reagan on Williamsburg's "superb summit." Trudeau was impressed by the president's determination to stick to an unstructured agenda. The informal give-and-take of the discussions yielded a free exchange of views, said Trudeau, and the process established a good basis for trust. "Reagan took a very big gamble that we could produce results without a preordained communiqué and he was that gamble," the Prime Minister declared.

Washington had made no secret of its

interest in drafting an arms control communiqué. That interest hardened into resolve when the Soviet Union warned only a day before the summit that it will pull additional 96-98 missiles from Eastern Europe if the NATO allies pressed with the planned deployment of theatre nuclear weapons. Given advance notice of the administration's intent, Trudeau and other foreign leaders arrived in Williamsburg prepared for the debate.

Reagan broached the subject early, during the opening dinner at Carter's Grove, the historic inn-sore plantation on the banks of the James River, south of Williamsburg. Acting as moderator, the president began the discussion with a strong pitch for deployment of the cruise and Pershing II missiles as scheduled in December. Only then, Reagan contended, will the British enter serious negotiations. He yielded the floor to British Prime Minister Margaret Thatcher, who endorsed Reagan's view. So did Nakasone. But Mitterrand disagreed. The French president raised two basic objections. The first news to emerge was an economic one: Mitterrand should not be a bold political statement, he argued. More important, it would be difficult for France, not formally part of NATO's military command, to draft a declaration supporting such a policy. Mitterrand eventually agreed to sign, although only after substantial changes had been made in the text. At the end of the meeting, Reagan produced sheet eight pages of handwritten notes, took them upstairs to where the foreign ministers had gathered for coffee and instructed Secretary of State George Shultz to draft an arms control statement.

The original version was little more than a reiteration of the U.S. negotiating position at the Geneva talks on intermediate nuclear forces (INF). The foreign ministers spent Sunday morning writing amendments and then the leaders rejected two drafts. As Shultz, who skipped lunch to keep searching for acceptable compromises, put it: "It's like when you capture your platoon in the Marines and you look at the men. You always find some dirty riffer that's absolutely useless."

The inspection officer at the inn was Trudeau, who insisted that the communiqué should reflect the West's sacred commitment to disarmament as well as—if the Geneva talks fail—to deployment. "We've got to live our arms for peace," he bluntly told his colleagues. The effect was modest, Trudeau added, not to impress Moscow but to convince the growing democratic peace movements of the world.

The Canadians also opposed including a reference to the independent nuclear forces of France and Britain. The

Soviets want those systems included in the Geneva talks. NATO has so far refused. Trudeau argued that the summit declaration should concentrate on general principles and avoid the substance of negotiations. British Foreign Secretary Enoch Powell, however, insisted that the Kremlin's position was simply an attempt to divide the West and had to be addressed. Trudeau lost that argument.

The final text was a patchwork quilt that all countries could wear comfortably.

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Arafat touring the Beka'a Valley, despite divisions in the ranks and his

MIDDLE EAST

Is Arafat losing control?

As the longest-lasting force of the fractious Palestine Liberation Organization, Yasir Arafat has always played a precarious role. Alternately using the language of the radical and the moderate, he has managed for 15 years to hold together the many ideologically divergent groups that fight under the banner of the PLO. An irreconcilable optimist, he has always dealt with the frequent reports of revolt within his ranks with a shrug, a smile and intense backroom maneuvering. But last week, as speculations increased that an attempt had been made on his life and his supporters defected in large numbers, the guerrilla-turned-diplomat finally seemed to be losing his grip on the PLO leadership.

The immediate cause of the most recent trouble at first seemed to be Arafat's appointment of two unpopular officers to command battalions in Lebanon's Beka'a Valley. But even as Arafat moved to quell the revolt, a more worrisome explanation surfaced. Syrian President Hafez al-Assad, bitterly opposed to the Israeli-Lebanese agreement on troop withdrawals, was secretly behind the revolt. Arafat was complaining discreetly within Arafat's Al Fatah faction of the PLO and attacking Arafat's moderate attitude to Washington's Middle East peace initiative. By

and underlined his hard-line stance: "From our point of view, the [Israeli-Lebanese] agreement is in a state of collapse and death."

Arafat's position seemed to issue only two possible scenarios: outright war between Syria and Israel or the de facto partitioning of Lebanon between Jerusalem and Damascus. Considered a U.S. diplomat in Beirut, "The Lebanese are caught between the Israeli axis and the Syrian banner."

Indeed, the continuing foreign presence has frustrated most attempts by Lebanese President Amine Gemayel's government to repair the damage caused by the Israeli invasion. The invasion was the culmination of eight years of fighting, which destroyed the country's social and economic base. Emergency aid has helped restore rudimentary services, but Gemayel's director of reconstruction, Mansour Alsalah, estimates that it will cost \$35 billion (U.S.) over the next decade to rebuild the country. The rich Arab states, who had provided the kind of money, have either cut to the withdrawal of former decree and Western donors who risked so much to support the post-invasion euphoria last fall now feel that the situation is too risky for investment. Lebanese Maghrebis, beneficiaries of the Banque Libanaise-Française, "The program cannot start until public order is restored."

But peace on the streets is still a distant goal. Fighting between Druze Christians and Christian militias has claimed more than 200 lives in recent months. In



May former Lebanese president Bachir Gemayel, former prime minister Rafik Hariri, former Prime Minister Walid Jumblatt and Lebanese Communist party chief George Hawi announced that they had formed forces to oppose Gemayel and the Israeli-Lebanese withdrawal agreement. There is speculation that they will set up a "national front" alternative government in northern Lebanon under Syria's protection. Meanwhile, the Christian militias, technically disbanded, continue to run what is effectively their own ministries. They levy "taxes" on restaurants and gas stations and operate protection rackets.

The Lebanese who are suffering the most are the Muslim majority, particularly the Palestinians refugees who no longer enjoy PLO protection. The UN Relief and Works Agency claims that at least 20 Palestinian refugees, women and children—have been massacred by unidentified gunmen since May. Palestinian shops and houses have been bombed. Christians living outside the refugee camps have been forced to move back—or see their houses destroyed in Baabda and Shatila, where as many as 800 refugees were massacred by Christian militiamen last fall; survivors report the appearance of crudely mimeographed pamphlets. The leaflets show a massive boot kicking the head of an Arab dressed in a kaffiyeh headress. The written message warns all Palestinians to leave Lebanon.

Israeli survivor near Beirut & war scenario

Last year's invasion also left a bitter aftermath in Israel. More than 170 Israeli comprising soldiers have been killed in Lebanon since the end of the heavy fighting last August, leading to demands from the Labor Opposition for a unilateral Israeli withdrawal. But last week it was the plight of the Palestinians' former protectors, Arafat, that held center stage. Last week Patah's senior official in Lebanon, Abu Akrum, announced that he was joining Abu Musa, the former deputy head of PLO operations there and one of five PLO leaders who led the revolt four weeks ago. In all, 20 senior PLO officials have defected. Said Abu Akrum, "We have very political, military and organizational objections against Arafat." PLO officials, he added, should return to exile in Tunis, "to rest on the beaches and let us stay in Lebanon and fight the invader."

In a feverish attempt to curtail the revolts, Arafat shuttled between PLO contingents in the northern part of Tripoli and the Beka'a Valley in the south.

He also turned to outside sources for help. After receiving a Soviet diplomatic team in Tripoli to decapitate the PLO's second-in-command, Abu Iyad, in Moscow to plead for Soviet support, Arafat also sought the help of Saad al-Suleimani, the leader of the Druze. After discussing the matter in cabinet, Saad King Fahd was said to be "extremely concerned." On Friday Arafat reportedly flew to Ramallah to seek official support from President Nicolas Choueiri's government.

There was some speculation that Arafat might seek to resign the leadership before a "revolutionary trial."

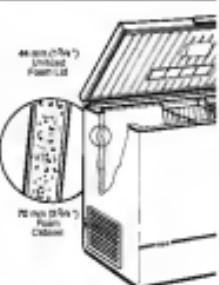
But that risked disrupting the divisions within the PLO. There are painful memories of the last time such a trial was held. In the early 1970s Abu Nidal was condemned to death in his absence for his radical status. But he found shelter in Syria and has since ordered revenge killings against PLO figures considered "soft" on Israel.

Arafat's best hope of survival seemed to lie in the absence of an obvious successor. No one dared question the value of his unique mediating role, and none, save Syria, was willing to see him completely ousted. So, for his part, Abu Iyad—and his wife, to replace his position as soothsayer, the march may go on.

Palestinian leaders in Israel, however, thought otherwise. West Bank would also be re-affected to see them go. They fear the PLO rebels' fundamentalist style will further impede moves to create a Palestinian state. But such support was small comfort to the beleaguered leader, and few doubted that even if he succeeded in clinging to office, Arafat has permanently lost much of his authority.

—BRIAN WALTERS
in Beirut

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Preparing for a showdown

For several days intelligence reports warned of large concentrations of guerrilla fighters in rural areas of El Salvador. Then Radio Venceremos, the rebels' broadcasting station, announced that the guerrillas had occupied an important military communications post in the eastern province of Morazan. During last week's attack, the insurgents' radio reported, members of the government's elite 1,000-man Airsoft battalion were pinned down by mortar fire. A spokesman claimed that 90 soldiers of the US-trained force had been killed or wounded and that 40 others had been taken prisoner. Meanwhile, the guerrillas announced the launching of a campaign of assaults on El Salvador's battered economic infrastructure. Then, Radio Venceremos delivered a rubbish warning to the soldiers' relatives: "Be alert as the dangers fueling your hands and sons."

The guerrillas launched their offensive just as members of the four-unit Contadora Group—Mexico, Colombia, Panama and Venezuela—in mid-November had issued a statement calling for an independent election to the area's conflict. After 16 hours of discussions among foreign ministers from Central American governments in Panama City, the group seemed far from ever from ending tensions between Nicaragua and Honduras.

But US officials were not surprised

by the guerrillas' actions. "They're

Ronald Reagan's special envoy to Central America, Richard Stiles, left for a 15-day fact-finding mission in the region, he said that prospects for a negotiated settlement are dim.

That verdict was also a blow to

González's mission of reconciliation. The Spanish prime minister last week made a five-nation visit to Latin America. From the start he was critical of Washington's "negative" influence in the hemisphere and he rejected Stiles's argument that the conflict is the product of the "Soviet-Cuban-Nicaraguan axis." González asserted that "the roots as well as the resolution of the crisis can be found in the region itself"—a reference to an overwhelming majority

of Central Americans who, at a democratic rally in El Salvador last weekend, voted for a recall election to be held in March. It was expected that a pro-Sandinista group of at least 95 million to finance the vote had been held up in Congress. As a result the election might have to be postponed until March 1984. Now that the guerrilla presence is effective, it has been matched by Washington's resolve to counter force with force; it may be used to break the cycle of confrontation

—PAUL ELMAN in San Salvador, with
WILLIAM D. WILSON in Washington

Hawke's bumbling beginning

When Bob Hawke led the Australian Labor Party to a sweeping electoral victory over his conservative opponents on March 1, he faced the formidable task of trying to ease the nation's severe recession and repair the parlous financial situation. Hawke scored impressive early triumphs, including a brilliantly orchestrated price and income pact, worked out between business and trade unions. But the new government has since increasingly embarrassed by its own mistakes. One of the most controversial was a government order to the Royal Australian Air Force last April to operate spy flights over Tasmania, where the Liberal state government has been pushing ahead with a hydroelectric development against Carter's wishes. Attorney General Gareth Evans, who had given the heavy-handed order, said, "It seemed like a good idea at the time."

Last week, as Hawke began his first overseas tour as prime minister—he is visiting Tokyo, Washington, London and Paris—he was trailed by a series of "good ideas" that had caused him to alienate the electorate with a tough budget, which raised taxes on pensioners from five to 30 per cent, and collide with the media over alleged security breaches and improprieties in high places.

One major embarrassment arose after the weekly *National Times* accused the Australian Security Intelligence Organisation (ASIO) of wiretapping the telephone of senior government officials in Papua New Guinea. Hawke was forced to make a hasty call to Papua New Guinea Prime Minister Michael Somare to assure him that his telephone had not been bugged. Then, a TV program charged that the Labor premier of New South Wales, Neville Wran, had tried to influence the outcome of a 1977 criminal court hearing. And, while Wran fled a libel suit against the network, he has agreed to leave office pending the outcome of a royal commission investigation into the affair.

The most damaging crisis to rock the Labor government resulted from the April 22 expulsion of Soviet diplomat Valeriy Klyuyev for slanted spying activities. Reports began to emerge that the ASIO had been investigating links between Tassie and former Labor party national secretary David Combe. On May 12 Hawke ordered Labor MPs to have nothing to do with Combe, now a professional lobbyist. Hawke then stated in Parliament that "there is no foundation that Combe is, or ever was, a

Spiv's spy" but admitted that Combe's friendship with Labor retains serious security concerns. Hawke's solution to the Combe affair was to appoint a second royal commission without consulting the cabinet colleagues explaining why he had wanted Combe restricted when there was no evidence linking him to espionage activity.

The most charitable explanation for

Hawke's misjudgment is his inexperience. But the voters, who had great expectations of the former trade union leader, have been less tolerant. In its first test, the May 28 by-election in Melbourne's Labor seat to the incumbent Liberal Hawke blazed the deficit on his rough budget. But as opposition critic said it had managed to win the government's image of incompetence. Whatever the cause, the Hawke government can afford to continue alienating voters with the ineptitude that has plagued it for 100 days in power.

—PHILIP GRENNA in Sydney.

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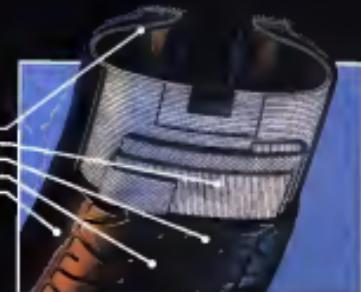
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Disaster photo: Randy immortalized

Last week in Vancouver two middle-aged men stood before a banner that captured forever the moment on Aug. 7, 1984, when one of them looked the wrong way and lost the race of the Century. At 55, John Abbott is halting, and his mate, Randy, 54, walks with a slight limp, but both are in better shape than the 38-year-old Empire Stadium, which is about to give way to the wrangler's ball and a new domed stadium. The two former competition canoeists say they're good to go where they established the Miracle Mile Bantam, who became the first man to run a mile in less than five minutes, is now a London oncologist. He still vividly recalls the final turn when he passed Randy on the right as the tiring Australian looked over his left shoulder. Randy cannot forget either, though he beat Bantam's record by .04 seconds on June 28, 1984, six weeks after it was set. "In Australia, there are no prizes for finishing second, and they have immortalized my mistake in bronze," he said with a smile. The Melbourne agricultural researcher and farmer was a witness to the changing times, during a consecutive mile race held at Bantam during a Vancouver Whitecaps soccer game, the first four runners finished the race in less than four minutes.

When 20-year-old drama student Amy Shedy landed a role in John Badham's *WarGames*, she was still working on her first film, *Bad Boys*, starring Sean Penn. "I can't even remember how many times I auditioned," Shedy said at the opening of *WarGames* last week in Toronto. But her perseverance paid off! Not only did she get the part, but when director Badham recognized the potent onscreen chemistry between Shedy and the film's 20-year-old star, *Matthew Broderick*, he capitalized on it. Shedy plays a high school student whose hardware-obsessed boyfriend inadvertently taps into the U.S. war computer believing that it is a new videogame, nearly setting off the Third World War. "It's great to be in a project that has a message," said Shedy. Judging from the early success of *WarGames*, there are promising projects ahead for the actress, but for now her only focus seems to be to act in a play this summer. —*Mark Wootton*

The Majestic King — The Majestic King—and to return to her studies at the University of Southern California. "I wouldn't do just anything that came along," said Shedy, "but I do support myself."

Former Parti Québécois house leader Claude Charron may have found his political career when he took a \$200 sports jacket from Eaton's in

Montreal in January, 1982. But the incident, along with his public acknowledgement that he is homosexual, has helped to make his 252-page memoir, *Dérapage* (Doubleday), a runaway best-seller. The book was launched amid festivities in Quebec City and Montreal last week, and guests included ex-governmental affairs minister Claude Masson, Premier René Lévesque's wife, Corinne, and former separatist firebrand Pierre Bourgault. For his part, Charron made an appeal for "tolerance and friendship" among all Quebecois. In his book, Charron explains that the thief had been a "normal" sort, partly due to the dichotomy between his private and public lives. Representing the majority as an elected official clashed with his life as a member of the homosexual minority, he said. By 1981, after the referendum defeat and the "betrayal" of Quebec at the constitutional conference, Charron had lost his taste for politics. Wrongly implicated in unbalanced allegations that his personal financial records were being made in the national assembly, he became increasingly depressed. Finally, the simplifying incident forced his resignation from cabinet, and last year he resigned. He says after pleading guilty to a charge of drunken driving, Charron thinks that he is now at peace with himself and ready to write another book.

—EDITED BY MAUREEN BOYDHOUSE



Charron acknowledges critics of *Dérapage* appeal for "tolerance and friendship"

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The fall of a financial empire

By Walter Stewart and
James Fleming

On Jan. 5, in a lightning article, the government of Ontario seized three provincially incorporated trust companies. At the same time, the government of Canada grabbed two federally incorporated insurance companies. Together, these seizures touched off a series of financial and political shock waves which have rocked the nation from coast to coast.

The conceivable reason for the seizures, which amounted to the expropriation of private property without

even a public hearing—an often-painful first, trial later—was a festering concern of both levels of government about the financial stability of the five associated firms. This was the result of the spectacular double-flop sale of 26 apartment complexes containing 3,631 units, the original property of Caddie Fairview Corp Ltd in Toronto. Maclean's has learned that much more was at stake, and remains at stake.

In a series of exclusive interviews, including those with the two main managers involved in the financial drama and with others to document, some of them on the public record, some of them still

secret, Maclean's has reconstructed the elements of what was either "a giant and dubious gamble"—the government view—or an unusual but legitimate attempt to become one of the largest banks in the nation. What is more, the government action was provoked, by concerns which it refuses to express openly.

The two protagonists have never met, although they work within close blocks of each other off Bay Street in downtown Toronto. They are Jack Biddle, 66, accountant and consultant, who works out of the offices of the Clarkson Co Ltd on the 10th floor of the Toronto-Dominion Centre, and Leased Rosenberg, 48, entrepreneur and would-be

banker, who operates from his lawyer's offices on the 30th floor of 200 Bay St.—three blocks north.

Rosenberg constructed the financial deal that brought him into the headlines, and Biddle provided the advice to government that brought Rosenberg's scheme to a grinding halt. Biddle now contends that Rosenberg and his associates found a loophole in Canadian law—a loophole that still exists—and that they were driving a massive jaguar through it. Declared Biddle: "These guys had discovered a way to buy companies with their [the company's] own assets. [They] took a great big gamble with public depositors' money at no risk to themselves. They got a very

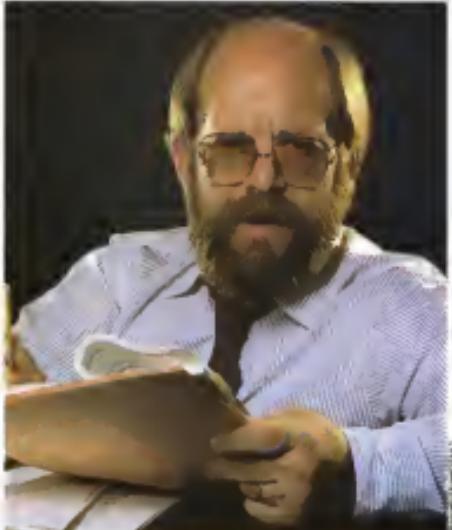
big profit and they took it up front." Rosenberg disagrees. "What I was trying to do," he says, "was to build a bank, a world-class bank. The banks do a lousy job, and I was going to compete. So they took me out of the game."

The two men do agree that the Caddie Fairview deal was only part of a much larger picture. But they interpret the broader canvas in radically different ways. Says Rosenberg: "Caddie Fairview was a spit in the market. The bank was the thing." Biddle argues that "Caddie Fairview was a desperate attempt to keep the pyramid scheme going." Rosenberg contends that he was on the verge of putting together one of the most astonishing deals in Canadian corporate history. He set out to merge three trust companies, Georgeon Trust Co., Crown Trust Co. and Steway Trust Co. He wanted to add in the Canadian Commercial Bank (CCB)—at which he and his associates already owned 50 per cent—and the Toronto City Trust Co. of Vancouver, and if the price was right, Friday Trust Co., owned by Edmonton entrepreneur Peter Pocklington, to form an institution with assets of \$9 billion.

"Then there would be an underwriting—the bank would issue stock to the public—and we would wind up with one of the biggest banks in the country," said Rosenberg. If the plan had succeeded, Rosenberg would have owned 16 per cent of the institution—the maximum permitted by law—but he would control it as nearly as he controlled Crown Trust, of which he owned 50 per cent. "We were going to have a slogan new to banking," Rosenberg contends. "Give a sucker an even break."

But Rosenberg says that when rumors of his ambitions circulated, the Ontario and federal governments suddenly took action to prevent him from proceeding. He also claims that the ministers were convinced that the marriage or trust companies controlled were in financial trouble, and that depositors' funds were at risk, other clauses of section 30 of the act could have been followed. These included forcing the firms to reduce the value of assets on financial statements or making a public release. "I ended you have a series of meetings and phone

Rosenberg: "Iipped" aspects of block's scheme to build a world-class bank



Biddle: Financial juggling acts, legal loopholes, property seizures and mystery



sails, and they wind up with everything," he says, "and I wind up with nothing. Well, they packed us the wrong guy. This thing is far from over."

That, at least, is clear.

For his part, Biddell admits that the hasty actions on Jan. 7 seem to have been harsh. Acknowledges Biddell: "The business community says, 'You never ever gave the guy a hearing'—and I apportioned over that. Well, did The [Ontario] cabinet didn't like it, I can tell you. But what could we do? They were still in a position to take deposits. Even though we had found nothing illegal so far, we couldn't stand aside."

Robert Elgin, Ontario Minister of Consumer and Commercial Relations, cautions that before Jan. 7 Biddell had no proof of criminal activities. "But that's totally irrelevant," he says. "That's an incredible concept, that one must have that kind of evidence before one seems to protect depositors who rely on the trust industry to look after their money and to manage it prudently." Explains Elgin, "Biddell was saying that it was his firm opinion that those three companies were in serious trouble, that they had caused their borrowing losses either in a major way or internally, and they should therefore be compelled to take deposits." The conflicting and mutually exclusive versions of history have their origins in events that began in 1986. At that time, Rosenberg was a successful mortgage broker. He estimates his annual income at close to a million dollars ("And I earned a few hundred thousand!"). Then, he bought a company called Greywave Mortgage Corp. for \$600,000. He turned his own



Below left: the Ontario legislature; **Morrissey**, before the takeover the government granted criminal activities, but that did not prevent it from acting

building company, Sympatico Credit Corp. (or Syndicated Capital), into Greywave Credit Corp. and began to expand rapidly in real estate development and speculation. So successful was he that in 1989 he bought a small trust company called MacDonald Gardner Trust for \$4.5 million, financing the deal through Canadian Commercial Bank, a company that he had financed many of his deals.

Biddell says that Rosenberg found a way of circumventing the invitation Declared Biddell: "He knew that Jack Poole of Dace Developments (a Vancouver firm) took \$6 million, so he has him loan Dace \$5 million and charge a fee of \$5 million as the price of doing the deal. Instantly he has a \$5-million profit. He transfers that to equity and he can end about \$100 million more. He gets this money by paying higher interest rates and higher commissions to agents to bring in deposits from the public. People invest because they feel their money is safe." And that, says Biddell, is the loophole. "[The law] was designed for an earlier age, and the law will have to be changed," he added.

That, clearly, is not Rosenberg's view. The analysis, he says, "shows that neither Biddell nor Elgin nor [Premier William] Davis nor any of them understand the first thing about financing or

Rosenberg's operations. The money is supposed to be safeguarded by a provision that a trust company can only lend money equal to a multiple of its equity base—that is, the money put up by its shareholders. The "leverage," as it is called, ranges from 10 to 25 times the equity. That provision is still a measure of caution.

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That, clearly, is not Rosenberg's view. The analysis, he says, "shows that neither Biddell nor Elgin nor [Premier William] Davis nor any of them understand the first thing about financing or

lending—or anything." In fact, Rosenberg says, Jack Poole of Dace was conducting a deal with the Behring brothers of Vancouver (owners of First City Trust, one of the companies that he had targeted for takeover) and had no money ready. Rosenberg contends that he thought that the Dace development involved was a sound one. "It had all the three necessary requirements for good real estate," he says. "Location, location and location. It sits smack in the middle of Vancouver."

As a result, Rosenberg argues that he insisted on a high fee for lending the money because the risk was high. He says that he took it as the fact that it was, in fact, pregod interest. "And, incidentally, we could only take \$3 million in new equity. They can't even get that right," he added.

On the other hand, the Ontario government claims that Rosenberg and a group of friends—Andrew Marks, who controlled Seaway Trust Co. of Port Colborne, Ont., William C. Flager, who worked mainly through a holding company called Kinderhook Investments Ltd., and Joseph Barnett, a Toronto lawyer who had been involved in a number of real estate deals with Rosenberg—worked on real estate transactions that led to extraordinary fees. Then Rosen-

berg converted those to equity and expanded his trust company. Between Oct. 1, 1981, and Dec. 31, 1982, Greywave Trust increased its assets...the money it was lending out...by 227 per cent, from \$7.2 million to \$16.6 million, and its demand deposits and guaranteed investment certificates (all issued) by 229 per cent, from \$2 million to \$8.6 million. Biddell says that was simply a means of continually expanding his financial empire.

On the other hand, Rosenberg argues that the trust companies were involved in normal business practices. "Most trust companies lose money on their ordinary loan transactions," he said. "They make money by charging fees to put together deals. When I took over Greywave Trust, it was losing \$110,000 a month. I made it turn a profit of \$8 million. That's the crisis with which I stood charged."

Biddell claims—and it is hotly denied by Rosenberg—that the Cadillac Fairview deal became necessary because the companies had expanded too fast too fast and needed a massive injection of funds to keep going. "It

was an act of desperation," Biddell declared. On the contrary, says Rosenberg, the deal was simply a way to make money—money to fulfill his dream of building a bank. Certainly there was a lot of money in the Cadillac Fairview deal, although it was woven into other transactions.

Rosenberg first heard that the payments were available from a real estate agent in the early summer of 1982. Cadillac Fairview had appraised the worth of the complex at about \$384 million. Rosenberg says that estimate was far too low. "They were working on accounting appraisals, which is like having a priest perform a vasectomy," he added. On the contrary, Rosenberg's appraisals—like many of his business dealings—are at variance with received wisdom in the financial community. He believes that the earning capacity of a property should determine its worth, which will rise constantly with inflation. Conventional appraisal methods look at recent comparable sales.

In fact, the point remains a very contentious one. Rosenberg claims that he methodically studied it in the financial community. Mr. Elgin maintains that the majority of appraisers favor a technique that takes into account only the value of the building and nothing else. A building does not include longer-range projections of income flow and rents. Still, Elgin conceded that he is not certain Rosenberg's method is unique. Said Elgin: "I know as well as that's in, and it may be that we'll find in other trust companies that we look at from time to time, that those principles that we think are not appropriate are being used. If we do, I guess we'll have to deal with it." In the Cadillac Fair-





Grand Cayman Island (above): Minkler like Saudi crown prince may now own the apartments that sparked the controversy

COVER

view case, the value was limited because promotional rent controls curbed the amount of money available to service mortgages. But if the apartments were sold, the new purchaser would be able to raise rents on the basis of the new purchase price to cover the additional cost of the increased mortgage.

So certain was Rosenberg that Cadillac Fairview had underestimated the worth of its property that on Aug. 24, 1982, he signed an agreement to purchase the complex in a "biscuit," for \$20 million. The deal was intended to close on Nov. 16 (a date later moved back to Nov. 11), and Rosenberg secured a letter of credit for \$10 million as an assurance that he would go through with the arrangement.

At that time there was \$10 million in first mortgages on the properties, and Cadillac Fairview agreed to take back second mortgages of \$10 million. That left Rosenberg more than \$60 million short. He talked to his Swiss partner, Weiss, who was visiting Toronto, and Weiss agreed to guarantee \$40 million for Rosenberg's use. That was never used, but the fact that it was available allowed Rosenberg to take the next step, which was to line up Player. "I had been trying to get rid of Greynor Mortgage [an federally incorporated mortgage company] because I was having a lot of problems with the regulatory people," Rosenberg said. "I said to myself, 'I should sell Greynor Mortgage to Player. He can use it. How do you do



that?' That's when the light bulb went on in my head. 'You offer the Cadillac Fairview deal to Player and make Greynor Mortgage part of the deal.'"

To that end, Rosenberg invited Player—who he says is not a friend, just someone he does business with—to his island in Georgina Bay and took him fishing. "We were trouting," said Rosenberg. "I said, 'How would you like to buy the Cadillac Fairview buildings and Greynor Mortgage?'" He said, "Please knock." I said, " \$350 million," and he said, "My God! I know it was a terrific deal. We both knew I had to sell the properties, and he could resell. He and he would have to do that and asked if I would help him with financing, so I said yes. He would have to talk to Andrew Minkler, because they worked together on most of these deals. But that was it."

In the end Player bought Greynor Mortgage for \$20.5 million and, soon after, he bought the Cadillac Fairview apartments for \$31.5 million. He did not have the money, either, but that was easily arranged. The deal with Player was struck in September. Soon after, Rosenberg made a business trip to Vancouver

PHOTOGRAPH BY GUY LAWRENCE

to get about \$60 a share for Crown, more than three times the price at which it was then trading. Bobbell



"Peter really takes pride in the little things. He says that every part of a meal warrants perfection."

High standards

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Player; and (below) Rosenberg did not want Player to close the deal

COVER

says that the purchase was suspicious. He suggested, he says, that a "non-arm's-length transaction" was taking place. Rosenberg says that, in effect, he was going to buy Crown for about \$40 million and sell Greyman Mortgage for about \$60 million. Greyman Mortgage had assets of about \$550 million. Cross Trust and trust assets of more than \$1 billion. Was it making a staged deal?" Rosenberg asks.

He said that he talked to Wilfines Player again on Dec. 2. "If he is closing [on Cadillac Fairview] then I have the money to buy Crown if he isn't. I have \$40 million from Bruce Wien," Rosenberg recalls saying. Angrily, he says, he hoped that Player would not be able to raise the money to close, because that "could tip the apartments myself." But when Player said that he was ready to go ahead, "I was stoked, because I had given my word, and my word is my bond." On Nov. 5, 1982, what was by then a three-closed deal closed. Player had arranged to recall the Cadillac Fairview apartments to a group of Saudi Arabian investors for \$300 million in 90 separate deals. That gross allowed the mortgage liability of the companies to be reduced from \$200 million to \$75 million—it is only legal to extend a mortgage in normal circumstances for 75 per cent of the value of a property.

That cleared one hurdle. Another remained. There are strict rules on the money any lending institution can advance in a single transaction, and those limits were bound to be breached for

each of the three firms selected to provide the new financing—Greyman Trust, Seaway Trust and Crown Trust. But because Player had arranged to sell to 50 numbered companies, suddenly there was not one deal but 50. The one hurdle was cleared, and the money was available.

On Nov. 6, Greyman Trust and Crown, controlled by Rosenberg, advanced, respectively, \$1 million and \$10 million on the mortgages for the transactions. Seaway Trust, controlled by Blankie, advanced \$70 million. \$102 million in total. Then the deal was announced—a \$200-million final price tag, with \$75 million in increases and another \$155 million put up in cash, offshore, by the Saudi investors.

Seaway Trust took a fee of 12.5 per cent of the equity in the transaction. As a result, it was entitled to \$16 million, reducing the Saudi cash flow to \$102 million. That \$102 million will apparently went into a bank in Grand Cayman in the West Indies. William Player's Kildare also got a "lease back" deal under which the company would continue to meet the mortgage payments and manage the properties. Finally, \$15 million of the \$102 million went into a trust account at Crown Trust. It was intended to be used,



says Rosenberg, to cover any deficiency there might be in the money from apartment rents to service the mortgage.

The only hard cash that had been paid out by anybody was the \$550 million that the trust companies put up. Rosenberg had advanced a \$15-million deposit in a letter of credit which was no longer at risk when the deal closed. He made a profit of \$42.5 million—the difference between his buying price, \$270 million, and the price at which he sold it to Player, \$312.5 million. But he only received a chance for \$222 million—the other \$20 million went to Wien as a fee for his unnamed standby guarantee of \$40 million.

A major, continuing mystery in the trust affair has been the identity of the final owners of the apartment buildings. Key names in the deal have refused to reveal their identities, saying only that a Saudi Arabian entrepreneur, Adeeb Hassan Qatib, represented various Saudi Arabian investors. But MacLean has learned that during an examination before the Ontario ombudsman, which is investigating the trust companies for the Ontario government, Victor Prosnak, a lawyer who acted for Greyman Credit, testified that he understood that the purchasers were the crown prince of Saudi Arabia and others associated with him. The crown prince is Abdallah bin Abdul Aziz, who gained the title after his predecessor, Crown Prince Fahd, resigned in favour of King Khalid on June 12, 1982.

Two days after the Cadillac Fairview deal closed, Player gave Rosenberg a cheque for \$30 million. That was payment for the balance owing on Greyman Mortgage. Player had put \$7.5 million in borrowed funds down. The book value of Greyman Mortgage was \$10 million. But Rosenberg says that the fluctuation was worth at least \$17 million. As a result, he calculates, he earned \$43 million. "Not," he acknowledges, "a bad day's work."

The trust companies then held third mortgages on the apartments. Those debts were to be paid out of the rents which, according to Jack Biddle, would not amount to more than \$4 million a month, or 3.6%

million a year. Biddle claims that the mortgages could not be serviced, and that there would be a shortfall of \$20 million in the first year alone. But again there is a direct conflict of views. Rosenberg says that the companies would bring in \$56 million a year, because "Fidelity conveniently forgets there were commercial properties included, and they pay rent, too."

Player planned to raise the apartment rents by 25 per cent in each of his first two years of management, by eight per cent in the third year and six per cent in the fourth. An apartment renting for \$400 in 1982 would cost for \$512 in 1986—a jump of 79 per cent. Rosenberg says that the rent increases would have ensured the safety of the depositors' money by guaranteeing that the mortgages would be paid regularly, and even if something went wrong, there was the standby \$10 million in a Crown Trust account.

But there still could have been a problem if the tenants objected to the rent increases. "Well," says Rosenberg, "I wasn't doing it to them, someone else is it's a harsh, cruel world out there, and you don't see anybody holding tag days for landlords." He expected the tenants to protest, but he did not expect those protests to make a political impact. They did, however, in part, because neither of Rosenberg's attorneys had announced official notice.

At the same time as the Cadillac Fairview deal, he was buying into Cadillac Fairview Bank (CFB), the bank for the development of larger bank. He had begun buying shares through Greyman Mortgage in early 1982, picking up five per cent of its stock in January and another five per cent in April. At that time he owned 18 per cent—the maximum permissible by law. Markele and Player came in for another 17 per cent as well.

Out of the deal, Rosenberg and his associates had accumulated a 27-per-cent control of a bank. William Kenett, the senior general director for the federal government, for one, was not pleased. He had already spoken to Rosenberg about his ownership of a mortgage company and bank shares that, he said, violated "the spirit



Biddle, seen (above) a government mortgage committee member

it" of the provisions of the Bank Act which try to separate control of any two financial institutions. Senior officers of the CFB—or at least some of them—were also worried about the new buyer. They did not know who it was.

There was anxiety about the takeover of the CFB, especially when rumors filtered through financial circles about Rosenberg's intention to own his own major bank—an ambition that might have been thwarted even without government intervention. Fidelity Trust officials responded last week with a terse "as quoted" when asked about a potential buyer.

By early January, Biddle had become convinced that the trust companies, their associated mortgage companies and the safety of depositors were in grave danger. He also said that he had found a reasonable loophole in the law governing federal deposit insurance that could be exploited. Biddle advised the government that it had no recourse but to seize the assets of the firm. He contacted Robert Morrison, federal superintendent of insurance and head of the Canada Deposit Insurance Corp., and Morrison flew to Toronto.

Biddle also phoned William Kenett. "He was wary in talking to me but knew what I was talking about," said Biddle. "I told him I didn't know how far the rut had spread. The financial structure was in danger." As a result, on Jan. 5 the companies were seized, and a series of lawsuits began. Ian Osterbridge, Rosenberg's chief lawyer, says he is working on "75 major matters" and a dozen collateral suits" that will缠延 for years.

And what of Rosenberg's dream? Will he ever build a bank? "Not in this country," he says. "It's a banana republic."

Will Ace Philpott in Toronto



Depositors at a Greycroft Trust branch after the closure. Rosenberg can at least claim not to have made loans to Davis

The motivations of a matchmaker

COVER

Leoward Rosenberg has never been a shy man. When he was 21 and working for a collection agency in St. Catharines, Ont., he demanded the manager's job because "I was collecting more money than the manager." When he did not get his way, he quit.

Rosenberg was born in Montreal and brought up in Hamilton, Ont., the son and son of a man who owned an electrical supply store. "We never lacked for anything, but we were far from rich," Rosenberg says. He went to Wycliffe College, where his older brother played football with Ross Jackson, later a Canadian football legend.

Rosenberg did not complete high school, but with Grade 12 he was able to enter the University of Buffalo, where he studied business administration. He did not finish that either—he left to join the collection agency. That career did not last long, however. His employer soon found him a position with a collection agency license of his own. He was released, however, because he lacked the required experience. Then he applied for a mortgage broker's license, passed, and got it.

A mortgage broker is a sort of matchmaker of finance. As such, he puts together deals and takes a fee. Rosenberg has been doing that ever since, for others until 1987, for himself afterward. Only the fees—and his garn—have increased. He has progressed from a sturdy youth with a quick temper and a ready tongue to a shabby 63-year-old with a quick

temper and a ready tongue. He has reddish hair, disappearing fast, strong features, an aggressive beard and an enchanting smile. He lives in a comfortable two-storey house, which he bought for \$38,000 in 1964 and improved with a swimming pool and all the fixtures. He and his wife, Irene, have three children; two daughters are still at home. His son, 20, the elder, is "somewhere out there," says Rosenberg, with a vague gesture.

Rosenberg has two strong driving forces. One is a love of money, the other a hatred for banks. "Money is good," he says. "I would like a lot of it." How much? "Enough so that I could buy anything I wanted to and not have to count the cost. Enough so that I could buy a 747 [the jetliners cost more than \$80 million] and not have to worry about it affecting the cash flow."

That is over. Banks are the other. He tried to get a bank loan in 1981 for the down payment on his house. "The bank said no," he recalls. "I thought they might be right, so I went to see the \$20,000 I'd been offered with the deal," he says. "Then, after everything was arranged, he changed his mind. That really caused me. Bankers don't keep their word. Bankers are the people who will only lend you an umbrella when it's sunny."

Rosenberg raised the \$45,000 elsewhere and bought the house, but he has not had sunny thoughts about any banker ever since. "Rosenberg," he says, "I didn't lend any money to itself and I didn't lend any money to Doms." As a money matchmaker and, at the

same time, as a real estate developer and speculator, his work is based on a particular view of money. "There are two kinds of money," he says. "There is the money in your pocket, that's real. Then there is the money on the books, that's paper. It's the tool of the trade."

With that relaxed view of money, Rosenberg can stitch together deals that would quench the spirit of the most stout-hearted. "I am willing to pay more, take more chances and charge higher interest than others. I am working with the tools of my craft."

Buying and selling apartment buildings, as Rosenberg did in the Cadillac Fairview deal, is easier to understand if the numbers involved are viewed as lots of the money-in-pocket philosophy. Rosenberg's favorite story concerns a man who earned some sardines on the east coast and sold them to a fish buyer for a good markup. The fish buyer sold them to a commodity dealer, who resold them to another dealer, until they had been sold, at an increasing profit, a dozen or more times. Finally, they ended up in a Vancouver restaurant, where the customers found that they tasted terrible. The restaurant owner, affronted, traced the sardines all the way back to the original canner, who was so he gave a torrent of abuse. "Stop complaining," said the canner. "These sardines weren't fit for eating—they were for laying and selling."

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A voice of intelligence and compassion

Like Bob Dylan before him, David Byrne, chief lyrical and lead vocalist of a band called Talking Heads, is the major musical voice of an age. He has written lyrics that have become part of popular culture and he has sung them in a unique style that, lying somewhere between a howl and a yell, perfectly reflects the mood of the 1980s. In 1979, in a song called *Life During Wartime*, he proclaimed, "This ain't no party, this ain't no place," which encapsulated a shift from the indulgences of the 1970s to the harsh realities of the 1980s. Even as people clung to the songs that defined how they saw the times were and again changing, The release next year of Speaking in Tongues, Talking Heads' first album of new material since 1980, marks as an important cultural event—and not only because a brilliant critics' choice of the album comes in a package designed by pop artist Robert Rauschenberg.

In the past David Byrne has projected a cold, efficient and sometimes slightly crusty image. But Speaking in Tongues stands as one aspect of his maturing



François, Wagnleitner, Zygmund and Maurice like Bob Dylan, a major troubadour of the Americas.

and complex nature. In *This Must Be the Place*, a delicate love song, he reveals, "I'm just an animal looking for a home." Sipping tea in his lower Manhattan loft, Byrne, 31, seems to be almost domesticated. Except for periodically round eyes, he looks like Muster

Bryant's simple language was just one of the features that distinguished *Walking Heads* when it emerged from New York's underground in 1975.

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Unlike The Beatles or Beachy, other pioneers of what was to become as the "new wave," Talking Heads avoided both the east-coast pasto look and the visual glamour trend; the band's four members presented a refreshing image of heightened normality. Beginning with Talking Heads '77, they released four studio albums that redefined the boundaries of popular music by using minimalist lyrics, primitive African drums and the most innovative kind of multiple-track recording techniques. All four albums have achieved gold-recertified status in Canada, and U.S. critics accord Talking Heads the highest of highbrow reputations. *The New York Times'* critic, John Rockwell, has described them as one of the "most creative combinations of aesthetic integrity and popular appeal."

Compared to 1987's *Woman in Light*, which was characterized by a dense blend of rhythms from faraway lands, Speeling's *In Tongues* is clearer, simpler to dance to and laced with bittersweet black American influences. It also re-establishes the Talking Heads' identity as the original four-member band, a status that had been threatened by the increasing involvement of British cult figure Brian Eno. A studio wizard whose experiments with synthesizers have won him godlike status, Eno coproduced all but the first Talking Heads studio album, convolved *Woman in Light* and recently collaborated with Byrne on an album entitled *My Life in the Zoo* of *Ghosts*. Not all members of the band were happy about his contributions. Eno, however, had had nothing to do with Speeling's *In Tongues*. Explains Byrne: "I think there is something special about a band as an entity, and it is worth trying to keep."

But as crucial as honest Tim Weymouth, drummer Chris Fausti, and keyboard player Jerry Harrison are to the group, Talking Heads is definitely more than the sum of its parts. "It's like David Byrne's wildness, Warren's [Warren Beatty's] The Village Voice to that of [someone] who has spent the last half-hour wharfing around in a soap dryer," leaves a lasting impression. His lyrics make the band's already influential music truly important. Because of Talking Heads' art school roots (Byrne, Weymouth and Fausti first came together at the Rhode Island School of Design), mutual explanations of their achievement tend to emphasize what John Backwell calls the band's "experimental and rigorous structuring." That theorizing overlooks the fact that the group's songs articulate the feelings of people who have no idea what "stratigraphic" means but who can identify with Byrne when he sings "I'm tense and nervous and I can't relax"—songs for a post-warrior decade. Mark Garske, a

under of the Canadian group Martha and the Muffins, appreciates the band's return to maturity of the soul. "As a break from all of heavy metal's badness, it's nice to see the spiritual side of things represented."

Some fans have always sensed a longing for peace of mind in David Byrne's clinical sense of modern life, but for those who have perceived him as cool and intellectual, Speaking in Tongues may be a revelation. Byrne admits that he used to discount all questions of faith because they had nothing to do with reason or logic. But now he

"In the past few years I have discovered that there are subtle forces in natural things that, far want of a better word, have to be called spiritual energies." Making clear that his researches have nothing to do with any material substances, he adds, "I believe we are things under the surface that are difficult to measure with scientific instruments." On Speleology in Tasmania, Flinders makes such measurements with the instruments of rock, soil and David Byrd's increasingly impassioned voice.



The price of medication: will it rise?

By Linda McQuiggin

What has the federal government announced late last month that it was considering revisions to Canadian drug regulations that could jeopardize the availability of low-cost generic drugs, the multinational drug industry was quick to express its displeasure. There was outrage, however, from the Canadian firms that manufacture and sell the cheaper, no-name versions of such popular drugs as Valium and Inderal. The full impact of the changes on Canadian retail drug prices will remain unknown until Consumer Affairs Minister André Ouellet unveils his final proposals in the fall. But he has made it clear that he plans to alter a system that has saved Canadian consumers at least \$1 billion over the past 14 years.

Under current law Canadian companies can manufacture and sell drugs developed by other firms if they pay a royalty to the firm that developed the drug. The result has been that Canadian drug companies have been able to discount generic no-name versions of well-known brand-name drugs developed by such pharmaceutical giants as Hoffman-La Roche and Smithkline Beecham. The system, called "compulsory licensing," was introduced in 1968 after public outcry over drug company profits. Before the change, a company that developed a drug was guaranteed exclusive rights by patent to sell that drug for 17 years. As a result, the company enjoyed total control over the drug price during that period. A special Canadian parliamentary committee called for compulsory licensing as a way to introduce more competition into the drug market. Large, mainly foreign drug companies argued that they needed the security of exclusive rights to recoup the heavy costs of research and development, estimated at between \$70 million and \$100 million for a new drug. They have lobbied heavily against compulsory licensing since it was introduced.

Ouellet has not made it clear how he will alter the system when his introduces amendments to the patent act next fall. But the alternative options he outlined were all aimed at giving the

original drug developer more protection against competition from low-cost generic substitutes. The debate has been bitter because the companies that develop the drugs are all foreign-owned multinationals. Although some generic drug producers are also foreign, Canada supports an estimated 100 companies that produce and market no-name drugs. Some of the Canadian firms started as a result of compulsory licensing legislation. Bernard Sherman, president of Canadian-owned Aptek Inc., which markets several types of ge-

neric drugs, argues that compulsory licensing has meant large consumer savings. "The government estimates the saving at more than \$100 million a year over the past 14 years."

Ouellet's announcement that he is considering amendments to Canada's patent act has prompted opposition charges that he has been put under pressure from the multinational drug firms, which have been the major group pressuring for changes. Two separate academic studies have found that the current system has been successful in



Sherman in Aptek's lab. Near him is a system that served consumers \$1 billion with change

generic drugs, argues that multinationals still have the lion's share of the Canadian drug market but charges that any substantial weakening of the compulsory licensing provisions could drive Canadian firms trying to compete with the multinationals out of business.

In fact, brand-name drug manufacturers still control 30 per cent of the Canadian market, but the impact of generic drugs where they exist has had a dramatic effect on prices. For instance, in Ontario pharmacists buy 300 tablets of Valium for \$13.09, while the cost for the cheapest equivalent generic product, made from the drug diazepam, is only \$2.13—a difference of more than 500 per cent. While estimates vary, all

keeping consumer drug prices down. In 1981, a report for the Economic Council of Canada recommended that "compulsory licensing be retained in its present form." And a 1983 report on the drug industry by two Canadian economists concluded that the system caused the price of drugs during competition to fall dramatically. Myron Gordon, a University of Toronto finance professor who coauthored the report for the Canadian Institute for Economic Policy, says that the end of the compulsory licensing system would be very costly to hospitals and patients on previously subsidized drug plans, which only subsidize pharmaceuticals for the lowest gross profit.

Furthermore, a confidential internal discussion paper prepared within the department of consumer and corporate

affairs—a copy of which has been obtained by Maclean's—also found that compulsory licensing effectively lowered drug prices. "While generic products rarely attain more than a 25-per-cent market share, they do have the effect of lowering the price of the original patented drug," says the paper, prepared last September by the department's bureau of policy coordination.

Ouellet says that his main purpose in altering the regulations is to "stimulate growth in the Canadian pharmaceutical industry." The Pharmaceutical Manufacturers' Association of Canada (PMAC), an organization representing multinational drug companies operating in Canada, estimates that altering the current drug manufacturing regulations could lead to roughly \$500 million in increased investment in new research in Canada during the next five or six years. Others, however, remain skeptical that the changes will have any effect on investment in Canada. The U of T's Gordon notes that drug companies do very little basic research in Canada now. "I don't see how the proposals under consideration will reverse that," he says. The internal discussion paper is equally pessimistic, pointing out that strong marketed foreign companies can locate their research facilities in countries that, unlike Canada, provide tax incentives to large markets and sophisticated manufacturing plants.

The strongest block of support for Ouellet's changes, apart from that of the pharmaceutical corporations, has led both opposition parties to focus on him. The Liberal's Martin O'Donnell is the most vocal. Since leaving his cabinet post as labor minister after an electoral defeat in 1978, O'Donnell has acted as a tireless spokesman for two multinational drug firms, which he refuses to name. Late winter 1980, renamed him, and O'Donnell helped to prepare the association's brief to the government on compulsory licensing. After severing his ties with the industry last January, O'Donnell was recruited by Ouellet the following month to help the federal government consider what to do about compulsory licensing regulations. O'Donnell, who continues to consult for the government, says he does not believe he is biased in favor of the multinational drug firms simply because he worked for them. "My interest is in what is best for the country," O'Donnell told *Maclean's*.

But the Canadian companies that produce generic drugs fear that if O'Donnell's plan in fact goes through it will force them to cut prices. With Ouellet planning to consult provincial governments, industry and consumer groups before introducing his amendments, it is a chance that the minister is likely to hear again in the coming months. □

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Assembly lines with a heart

By Peter C. Newman

Even a brief visit to this island empire reveals that Japan's economic miracle is based on a remarkable view of personal responsibility. No statistic reflects this attitude more clearly than the resignations during the first quarter of 1983 by the presidents of more than 80 firms large enough to be listed on the Tokyo Stock Exchange. This was the price paid by incumbents of Japanese boardrooms who felt that they had not lived up to corporate expectations during the Great Recession. They willing stepped aside so that younger blood could regenerate sales and profits.

In contrast, Canada's business establishment has not bothered to renew itself, and we have dug in to this patterned decline with the same令人厌倦的 (stale) and strained postures as our corporate fathers. (There is one important exception in Jack Goldfarber of Denis Petrucci, whose departure eliminated one of our rare visionaries.)

The Japanese example of corporate self-sacrifice is particularly remarkable because, at least in theory, the overall economy should be much simpler to run than Canada's. Japan's "all in the family" way of doing business is based on close relationships with governments, unions and employees. The ethical perspective of Japanese management is very different from ours, relying as it does on an enlightened collective will accumulated through consensus-building. Senior executives of most Japanese firms spend nearly all their time receiving visitors and sipping cups of green tea, making certain that corporate decisions will have the unstaying support of those who most ultimately implement them. Department heads at Mitsubishi, for example, meet once a week for just this purpose—at a few-hour break.

Industries are organized by conglomerates, and autocratic rules rarely exist. Business-government relations are at the heart of a system of indicative planning that makes for a guided economy. This bureaucratic-industrial complex is all-powerful, with civil servants moving into top private sector positions for the last decade or so before their retirement. It's no accident that this culture is known as *anomie*—decent from below.

Most of Japan's large companies hire employees for life, which means, in effect, that no one can be let go. This pro-

vides employers with an incentive to operate their plants at full capacity, despite the existence of a horizontally structured trade-union movement and given Japanese industry an extra edge by creating a labor force with no incentive to oppose technological change. The prevalent paternalism has defined the union movement of military. There are occasional conflicts between labor and management over pay rates, but these al-



Mitsubishi workers leave early alone

annual holiday time is actually taken up.

Many companies still work a six-day week (only this August will weeks end after financial institutions begin closing their doors on the second Saturday of each month). Life insurance companies haven't yet decided whether or not to take up for such luxury.

The most unusual aspect of Japanese labor-management relations is probably that workers voluntarily organize themselves into small discussion groups, called Quality Circles, to decide as their own how to improve their output. The idea (originated by W. Edwards Deming, a U.S. statistician) is at the heart of the Japanese work style. Any Mitsubishi Electric worker who spends a faulty item is authorized to shut down the whole assembly line. At the Kishita plant, workers, aided by Nippon Kokan, 1,400 Quality Circles last year produced 150,000 suggestions, saving the company an estimated \$20 million. The plant hasn't had a strike since 1969, and its managing director, Gyosaku Sasaki, happily credits the revealing goodwill to particularly active Quality Circles. "We have lively discussions," he says, "not in the end every organization. It is ideal for management and plant workers to think in the same way. They thank for the group and not for themselves."

This kind of strenuous nudge accrues rewards raised in the Canadian ethic of labor-management confrontation. But it really works, and seems to benefit everyone involved. Kishita is Japan's second-largest steel manufacturer, with annual sales of more than \$1 billion. When business grew slack, it was the Quality Circles that suggested such experimental and steel-related projects as tanks equipped with masts and dredges for building city extensions out over the sea to relieve downtown congestion.

More immediately visible are the results of the workers' suggestions for environmental protection. Unlike most Canadian steel plants, which sit in the middle of self-created massacres, this one has a major patch next to the blast furnace, a duck pond that has become a regular stop for birds migrating from Siberia and patches of flowers blossoming within sight of the steel-founding mill. The water that flows out of the mill is so clean that blast furnace crews are tempted to fish in it and catch their lunch, but they don't. All the resultant earthenware officially designated as pots



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from the organ. For all the orchestra's drive and showmanship, the solo remains a touch short on musical excitement and depth of feeling. Still, Dutoit's careful interpretation and the virtuosity of his playing are impressive.

HUAPANGO WORKS BY MONCAYO, REVELSTAK, CHÁVEZ AND GALVÁNIDO
Conducted by Herrera de la Puebla
(Vine/Music Masters)

Mexican orchestral music is usually kept as far removed from Canadian concert halls as most cultures from Thailand, giving due. The Xalapa Symphony Orchestra provides sparkling evidence that it should not be five exuberant pieces from the 1880s and early 1900s are marked by catchy cross-rhythms and syncopations and the concentration is as sharp as a herd of parades. One piece, *Serenade*, by Adelberto Revuelta, strikes a more solemn note, marking back musically to *The Eat of Spring*. Another, Carlos Chávez's *Sinfonía Indiana*, is more reminiscent of Aaron Copland and ends with a splendidly raucous whoop-up. As with all the pieces, the orchestra attacks it with wit, verve and infectious vitality.

CANTALOUBE: CHANTS D'AUVERGNE
Predriena von Stade, conducted by Antoine de Almeida (17 songs)
(CASA Mastersound)

CANTALOUBE: SONGS OF THE AUVERGNE
Karin Kuanan, conducted by Jeffrey Tate (26 songs)
(London/PolyGram)

Beth Frederika von Stade and Karin Kuanan have chosen to delve into Marie-Joseph Cantaloube's delectable folksong arrangements from the French Auvergne on their latest recordings. The two leading divas overlap in 13 of their selections, making comparisons inevitable. Unfortunately, the competition resembles two top tennis players meeting at a court that suits only one of them. Karin Kuanan, who has enjoyed immense popularity since she sang at Prince Charles' wedding, was a straight set. Te Kanawa's radiant voice is playful, lifting and tender; it sings with every nuance of the words and highlights the simple, timeless quality of the lullaby and pastoral songs. On the other hand, Frederika von Stade makes the fatal mistake of treating the songs too seriously. Her singing is too chaste and classical, and the result is woefully bland. Te Kanawa proves there are times when a carefree approach can be more rewarding than the highest levels of refinement.

—JOHN PARROTT

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For computer advance student Peter Evans, it was a surprise that saved his summer. Evans, 21, had just returned to Oakville, Ont., after completing his third year at Queen's University and, he was warned about not having access to a computer for the next three months. But to his delight he discovered that through a new service at Oakville Public Library's Computer Access/Use Centre, called Byta Gise, he could take home a \$500 T10—a Japanese-made, hand-held personal computer. For the first time in Canada two library systems—in Burlington and in Oakville—have introduced computer-lending programs. Ontario public libraries are to implement similar programs by the end of the year. Indeed, more than 150 libraries across the United States let people take the computers home at little or no charge. Said Evans: "It is an inexpensive way for anyone to get acquainted with a personal computer."

The programs were introduced in anticipation of the public's increasing demand for computer literacy. At three of the Burlington libraries—the six take-home computers—Times-Spectator 2810s, which retail for about \$100—are lent for a week free of charge. They use the programming language known as BASIC and come with simple operating instructions so that a novice can learn rudimentary computer skills within six hours. People are using the computers to do everything from experiments with simple programming to sorting out household accounts. And the projects are proving to be even more successful than expected. "After only six weeks in operation," says Burlington librarian Wendy Schick, "there are 150 names on the waiting list."

The Burlington and Oakville projects are attracting the attention of libraries across the country. "We are watching the programs with great interest," said Maureen Williams of the Greater Vancouver Library Federation. But money to fund such projects is scarce. Even with federal government assistance, Oakville's pilot loan program charges a \$4-a-day user fee to cover the expense of its 10 T10s computers. But the Burlington system, with its no-charge policy, will need money if it expands its program—a situation that perhaps only its computers can solve.

—DEANNE LORRE in Toronto

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ENVIRONMENT

The great grey North

The feelings have been discontinued polar bears with alarmingly high levels of pesticides in their systems, a peregrine falcon population decline by exposure to DDT and bald eagles. Polar bears alone, though, are hanging over what most Canadians still believe to be the threat greatest where North The Canadian Arctic is facing a serious pollution problem, and continuing environmental studies are pointing to sources far away. Now, the latest indications are that a prime source of both arcticose and waterborne pollution is the Soviet Union.

Toxicology being done on polar bears taken during the 1981-82 hunting season are underscoring the gravity of the emerging problem. Results of these and other Arctic projects currently under way have not yet been published, but MacLean has talked to many of the scientists involved. The Canadian Wildlife Service's analysis in Ottawa of tissue samples from the livers of 67 bears from the central Arctic region is for the first time revealing evidence of a pesticide called chlordane, which has been used extensively in the Soviet Union, as well as mercury, cadmium and other heavy metals. Federal environmental chemist Bas Nootenbos recently wrote to a Northwest Territories wildlife management colleague, "Although chlordane levels are not high enough to be toxic, they are 50 times higher than in herons gulls from the highly contaminated Great Lakes." Further studies by various agencies have also found traces of the insecticide DDT, which Canada banned in 1969, and of another banned group of substances, polychlorinated biphenyls (PCBs), although PCB levels in bear tissue are rising in recent years. Nootenbos, who had originally speculated that the pollutants originated in Canadian waters by air from the Soviet Union, now says he believes that chemicals from Soviet rivers originating in the Arctic basin are the cause.

However, the crosspolluting air currents from the Soviet Union into the Canadian Arctic are the likely source of many other pollutants discovered in atmospheric tests in the area earlier this year. A U.S.-funded project sent a plane equipped with a load of airborne vacuum cleaner and spent there on collision flights for a month out of Anchorage, Alaska, Bodø, Norway, and Thailand, Greenland. Substances in 40 test-

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Polar bears: pollution from Soviet rivers

tations in North America and Europe are studying the samples taken from the stagnant Arctic basins stretching across the top of the world in layers reaching as high as 25,000 ft. Much of the base consists of fluorocarbons, which are released from aerosol containers, says Russell Schell, an Alberta-born research scientist at the University of Colorado who is director of the air-sample project. But he adds that many of the pollutants carry a "chemical signature" or "fingerprint" that makes them traceable to the Soviet Union. Among those found in the base samples are soft browns and the metallic element vanadium, both of which Schell associates with Soviet and Eastern European industry.

By some standards the Arctic pollution problem is still small and affects relatively few people directly, but it poses special problems. "The pollution concentrations and amounts in much less than in Ontario's cottage country," admits Environment Canada's Alan Martin, senior adviser to the federal acid rain program, "but the worrisome part about the Arctic is the fragility of the ecosystem."

The vulnerability of the Arctic environment is demonstrated in the recent decline in numbers of peregrine falcons, aggressive raptors that breed in tundra during their annual migration to Central or South America. Ten of the eagles (a species called the gyrfalcon) (see diagram) have found never the Arctic from Alaska to Greenland, showed pesticide levels of 15 parts per million (ppm) 20 per cent of the time. That level of contamination is enough to prevent egg shells from developing the proper thickness, producing eaglets that die suc-

cessfully and cause adult birds to neglect their young. "They are bad parents," N.W.T. biologist Cormack Gates said. A 1980 nationwide peregrine falcon study found that an entire trade falcon population on the Yukon North Slope had disappeared. A Canadian Wildlife Service scientist, Richard Pyfe, who has been studying the birds for 15 years, says that pesticide contamination has cut the population of another subspecies, the gyrfalcon, or tundra, falcon in half since 1988.

Whether migrating Arctic birds encounter dangerous pollutants or the chemicals wait in the air or sea currents, the threat is toxic in an area in which environmental concerns have been a vital issue for years. During the past decade state territorial and federal land-use regulations and environmental assessment review processes have attempted to control new development. The rules were designed to protect the sensitive Arctic environment from the upswells of Beaufort Sea oil and gas exploration and mining enterprises, such as Conoco Inc.'s Polarland lead-zinc operation on Little Cornwallis Island. But Canadian regulators cannot control the heavy industry operating in the Soviet Far North. Besides, even if the Soviets wanted to do something about the pollution they are creating, it would be as difficult and expensive as the acid rain program, which is currently being debated across the Canada-U.S. border.

"We have not discussed responses about Arctic pollution on the international level," says Environment Canada's Martin.

"Because the most urgent requirements relate to deterioration on Central and Eastern Canada from acid rain." The polar bears will have to wait until problems to the south are sorted out.

—SANDRA BOOCOCK in Following



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BOOKS

After the thrill is gone

THE SUMMER OF KATYA

By Tressian
General Publishing, 112 pages, \$15.95

Tressian's career has been an ode to the piquant effect of paradoxes. At first, some people thought he was really Robert Ludlum in drag—perhaps because his first two best sellers, *The Tiger's Snowshoe* (1972) and *The Leo Schreiber* (1974), had three-word titles in the Ludlum style. In 1976 he wrote *The Man Who Would*, it led to a suspicion that Tressian was not Ludlum after all, but Michael Moorcock trying to make some dollars on a more commercial market. Then, in 1979 Tressian's *Skeleto* topped the best-seller lists. And in the midst of its success, the elusive novelist passed the word that he was tired of writing thrillers. He now had enough money, he said, to finance his true desire: the compilation of "terrible little novels for special audiences." When Toronto Star reporter Jack McIver finally tracked him down, the real Tressian turned out to be a prime candidate for the literary life. He was Rod Whittaker, a professor at a small Boston college, who chose a pen name not because he had anything gaudy to hide but because he thought his books were "jerk."

Dashall Hammett gave up writing detective novels for similar reasons—and never published another work, to his readers' everlasting regret. Tressian cannot be compared to Hammett for innovation, quality or style, but he has written entertaining, commercial fiction. *The Summer of Katya* is neither a thriller nor an "awful little novel." At most, it might serve as a novella on which to base a grade B French psychological drama. At no worse, it is a trashy caper laced with hanging fire scenes.

The narrative, Dr. Jean-Marc Montjean, is writing from the disillusioned vantage point of the summer of 1939 about the events that ruined his young life in the summer of 1864—a summer as fine as it seemed impossible that anything should disrupt it, let alone was. The quondam in complaints in the little Basque town of *Les Sables-les-Bains*, where Montjean—a legal boy with a medical degree free, Para—has returned to work in a clinic for monogamous wretches. The young doctor is innocent and amorous, ripe for romance and a full Ruth come to him in the beautiful and amorous sexual form of Katya Treille, a refugee from Paris nobility who shares

an exile with her scholarly father and her sharp-tongued, aggressive twin brother, Paul.

For reasons crucial to the plot, the romance between Katya and Marianne develops slowly. And Tressian does not allow the natural memoire of the Treille family relationship to reveal

enough of its shadowy past. As a result, nothing much happens for two-thirds of the book, a situation that could only be sustained if the reader felt an overwhelming interest in the characters. The story comes to life two hours at a drunken Basque festival. There, Tressian uses his erudite knowledge of Basque folk customs and culture to bring depth to a truly amateurish writing, featuring mordax, snide and fragmentary personalities. It is too bad that his fans will have to wade through Rod Whittaker's literary ambitions to get there.

—KAREN COLLINS

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Chronicle of a frenzied era

THE ABERHART SUMMER

By Bruce Allen Powe
(Lorimer and Gossen
Deutsch, 255 pages,
\$17.95)

In 1935 the people of Alberta, devastated by drought and the Great Depression, elected the popular radio evangelist William (Albert) Hiltz Aberhart as premier. The leader of the burgeoning Social Credit movement, Aberhart promised radical new monetary policies that he believed would end the Great Depression. Alberta's economy began a dividend of \$50 a month to every citizen. The desperate and fervent hopes of that era of "honest money" still persist in the memories of many older Canadians. Now, the peculiar atmosphere of Depression Alberta has been made accessible to everyone in Bruce Allen Powe's fast-paced novel, *The Aberhart Summer*. Powe has skillfully wended the struggles of his youthful hero into the oppressive heat and political frenzy of the summer of 1935. The result is a tale that reverberates with pathos and mystery.

The Aberhart Summer takes the form of a semi-fictionalized by the middle-aged Douglas Sayers, who stumbles upon the ghosts of his past while cleaning out the family's old Edmonton home after his mother's death. In 1935 Sayers was 15, leaving away his vacation in the dreary, middle-class neighborhood where his father taught school. The summer would have slipped effortlessly away if Sayers had a friend had not discovered their popular gang leader, Hanrahan (Jabie) Roche, swinging by himself from a barn rafter, an apparent suicide. As Sayers probes the suspicious circumstances of his friend's death, the loss of the once-glamorous Roche becomes a symbol for the evanescence of youthful innocence. But Sayers is a skeptic, and what he "knows" is better than the wealth of hard evidence that informs a profound social awakening. More inclined to guess than to act, Doug Sayers becomes the window through which to glimpse the minds of a people who, for a few months at least, were convinced that they had won the

triumph of speed-making changes.

Powe, a 56-year-old native of Edmonton who now lives in Toronto, condenses the hopes of those Albertans in the figure of Albert Roche, Jabie's older brother. Albert is a compelling illustration of Torgesen's famous thesis in his novel *Fathers and Sons*: when the indoctrinating powers of youth are wedded with adolescent desire, the results can be monstrous. Albert is as consumed with visions of the Social Credit millennium that he cannot react with normal human sorrow to his brother's suicide. Sayers observes that "Albert's rage at his brother was the setting sun, down, for foaming up known future, far stirring up doubts about the stability of the Roche bloodline, possibly for erasing skepticism about his own faith in the democratic principles that struggle to come out and for taking the ultimate swing without knowing any best as to why." Albert also finds in his relative's death a gathering, Jean, a name, carrying weight, who might have made him happy. When he appears later in the novel, Albert is a more "old" man, a robust countryman who cynically downplays his earlier enthusiasm.

Albert is not the only character



Powe: the hope and despair of 1935 Alberta

whose beliefs make him tragic. In a gripping vignette Powe describes a pair of German Albertans energetically stitching their skin in the Nazi salute. And he depicts mass manipulation of another kind at a fundamentalist Bible college, where the beautiful Diane Thorpe, Babe's first and last love, is turned into just another plain person in a cloudy dress. Fortunately, Powe's vision does not lead to nihilism. He balances the many mysteries of the time with such likable, earthy figures as Doug's mother and father, who manage to maintain both their sanity and clarity. Miss Sayers may very rarely sleep well, but she is rarely without a library book or a cigarette. "Our mutual portions were always sprinkled with grey salt, our milk speckled," reflects Doug. Her husband is a skeptical soothsayer, one of the minority that voted against the Aberhart side. Form nicely symbolizes the players' passions amid the turbulent storms of race as he shows them waiting out a head wave in their coal basement. Such subtleties mildly suggest that human goodness and decency have a quiet, enduring power which political ideology can neither fathom nor crush.

For all its dispassionateness of Social Credit, the novel gives a surprisingly balanced treatment of Aberhart himself. A strident public speaker, he is shown to be an avuncular, gentle person in private ("His voice was soft and warm," writes Powe), "not the way it sometimes was when he behaved like

MACLEAN'S BEST-SELLER LIST

Fiction

- 1 *The Little Drummer Girl*, Graham Greene (2)
- 2 *Charlotte Haze*, Truman Capote (2)
- 3 *White Gold Wedding*, Dostoevsky (2)
- 4 *Ancient Enmities*, Peter Gill (2)
- 5 *Floating Dragons*, Sarah-Jean M. (2)
- 6 *2013: Odyssey Two*, Clarke (2)
- 7 *The Lonesome God*, L'Amour (2)
- 8 *Ararat*, Thomas (2)
- 9 *Death of a Heart*, Bradford (2)
- 10 *The Summer of RKO 4*, Powe (2)

Nonfiction

- 1 *In Search of Excellence*, Peters and Waterman Jr. (2)
- 2 *The P-Plan Blue Pages* (2)
- 3 *Myopia*, Niven (2)
- 4 *Great Stories, Great Poetry* (2)
- 5 *Smart Health's Workout Book*, Fonda (2)
- 6 *The Love You Make*, Brown and Carsey (2)
- 7 *The Outpost People*, Mowat (2)
- 8 *The Thunder and the Sunfish*, French (2)
- 9 *The Last Lions*, Morell (2)
- 10 *Name Is Too Many*, Alberta and Proper

(1 previous last week)

a platform") And although he is the most powerful industrial in Alberta, Aberhart is not all powerful. Powe balances his presence by introducing Babe Thorpe, Babe's long-lost half-brother. A steetwise asthmatic by the local boys, Babe has no outstanding talents—mainly, he can turn an entire trundling load of odds with his perfect reaction of blinks with his perfect reaction of blinks. As Aberhart's chief, like the citizens of Alberta, he reminds the reader that no great nation is without a shadow of shadowing.

There are flaws in *The Aberhart Summer*, but they are few: the depth of

the Citizens, a redneck family whose sons terrorize the local children, veers toward cliché. And Powe has an aggravating tendency to jump to new scenes before the action at hand can truly end. Still, *The Aberhart Summer* is a compelling novel, a plumply durable tale of the employed. It has the feel of the Canadian West, the sense of a community of Canadians at their best and worst. Powe has not only written a fine entertainment; but as he has revealed some of the complex subterranean forces that shape a common destiny.

—John Beaumont

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Moore with Octopussy's circus performers: witty, sexy and smoothly professional

FILMS

The unsinkable Mr. Bond

OCTOPUSSY

Directed by John Glen

Dressed as a nervous Col. Tono, not found out, James Bond (Roger Moore) turns to his superior and the man that he is unapologetically and says, "Small world—you're a Terro too." The unapologetic, naive and hyperactive secret service agent is back in Germany with new acquaintances, reptiles and women clinging to his jacket, and he is as welcome as summer weather. With few exceptions, the Bond films are as reliable as anything the movies have to offer: witty, sexy, ingenious, smoothly professional and fabulously formulaic. The plot, once again, is improbable, but the Bond series trades on the charm of the improbable. A misnomerical Soviet general bent on weakening NATO's defense barriers Section art for a nuclear bomb. The plan is that when the bomb explodes at a U.S. army station in Germany, NATO will assume that it is a wonder and call for additional reinforcements. Then the Soviets tank off, start sweeping across Europe. Only the man, of course, can stop the villain.

Agent 007 is one of the few outmoded heroes of modern popular fiction who could practically slip through the eye of a needle. As always, he finds himself in a variety of tight situations located in a deep-freeze room, fighting a bumbling

on the top of a train and then on top of an airplane. One villain yields a terrifying weapon, which is a cross between a dynamite-wielding set piece and a boomerang. During one period Bond finds off female women, including Octopussy herself (Maud Adams), a smuggler involved in the lunch plot who commands a small army of Amazons.

Women are likely to take exception to the title, Octopussy, and, as is the past, to the image of women presented in the Bond films. But the Bond actresses are beautiful, smart, independent-minded, strong and gifted with a sense of humor. And Maud Adams as Octopussy has a softness in her features that humanizes what could have easily been a stock creation. As for Bond himself, Roger Moore fits much more snugly into the role than he has before.

The villain is much weaker than Oldfield and Jews, but Octopussy has enough chaffing set pieces and enough whiplash writing to satisfy jaded retinas. The Indian location, shot by Alan Hume, are quite spectacular, even the theme song, *All These High*, sung by Rita Coolidge, is sweetly romantic. Almost all the playful violence is a curiously disruptive scene in which Bond looks at a murdered associate and says quietly, "No more problems." The Bond films have always taken the time to bow to the laisser.

—LAWRENCE O'TOOLE

The good taste of hard cash

TRADEPLACES
Directed by John Landis

The idea behind *Tradeplaces* promises to deliver a sparkling update of a 1930s-style social comedy: what would happen if a black share kid (Eddie Murphy) suddenly switched positions with a study Philadelphia blue blood (Dan Aykroyd)? The blue blood's employer, two commodities market czars called the Dale brothers (Ralph Waite and Don Ameche) have been engaged in a running argument over the relative influences of heredity and environment on the development of character and have set young Louis Whitcher up for a little social experience. One bets the other that if Whitcher loses everything he will turn to a life of crime, and Betty Ray Valentine (Madeline) will take on the protective coloration of the upper class if imposed in Whitcher's place. Trained by the Dales, Whitcher begins his first day just off and then hires the shah. He soon wins his \$7,000 watch for a girl and falls in with a sympathetic hooker (Janet Lee Carter). Valentine, on the other hand, becomes an authority on park belly dances and etiquette.

Tradeplaces is not *My Man Godfrey* for the 1980s, primarily because the director, John Landis (*Murder House*), has no sense of light comic style. The '30s comedies that he tries to emulate are never shot close up. And the introduction of one new element is the old grime—the Dales make a privileged white man's world—lugs for charity in the credibility department. It is highly unlikely that two old members of the white upper crust would consider even talking to a black man. It is equally unlikely that the character Murphy plays would not easily grow into Gooey Toe Libes.

As he is displayed in the recent hit *At Home*, Eddie Murphy is top-dog and walked an actor in play convincingly. Eddie Aykroyd, on the campaign against his old crowd, performs a brilliant comic sequence with a sick of snaked talons. But it is his first attempt at playing a character other than Dan Aykroyd. He does not succeed at portraying Whitcher's change of character, which is crucial in the plot. *Tradeplaces* is well served by its writers and director, who seem to have little understanding for the conventions with which they are working. The great power of a Murphy-Aykroyd comic duo—defagitated, to immense disappointment.

—L. O'T.



Comic terror takes a tumble

PSYCHO II
Directed by Richard Franklin

PSYCHO II opens ambitiously with the classic shower scene from Alfred Hitchcock's black-and-white masterpiece—a sequence that redefined the grammar of film and immediately set itself a close-to-impossible task. Afterward, the movie goes downhill, although not quite as far down as it might have. Producing a sequel to Psycho was not a bad idea at all; Psycho II proves for about two-thirds of its length. Norman Bates (Anthony Perkins) has returned home after 22 years in a mental institution, cured but still shaky. His psychiatrist (Robert Loggia) has found him a job in a diner, and things go swimmingly until he starts receiving notes and phone calls from his dead mother. The Bates Motel, the scene of the original crime, has turned into a seedy arena for drugs and quick sex. Attentive, Noxious, dour, the sleep manager (Dennis Franz), who is seen brutally stashed, is as a teenager caught naked with his girlfriend in the front cellar of the Bates house. Rather Norman is going mad, angry, or someone in trying to drive him mad.

The movie quickly and rarely hooks the audience and fails on the knowl-

edge-monger game of *Paprika*. The central plot is a ho-hum, violent humor (Norman saying that his mother "won't come herself again") but, the sequel favors the comic aspects of terror. Samman puts his eyes when he glances at the breakfast and snatches mouth when he tries to say "outcry." The black humor deteriorates into cheap, cringe-inducing jokes which spoil what is essentially a touching relationship between Norman and Mary (Meg Tilly), a waitress he befriends. Despite the fact that the sister of the Janet Leigh character from Psycho (Vera Miles) wants him remarried, the film makers do keep the audience wondering whether the real Mrs. Bates is alive and indeed responsible for the renewed nightmares.

Although it never matches Hitchcock's mastery (and actually has no real visual style of its own), Psycho II proves for a while as the floating aesthetic of viewers, suggesting terror rather than resorting to visceral displays. (The sound of a knife digging into flesh activates the imagination much more than a picture of it.) But then the movie takes a dramatic and shocking turn in tone. A kettle is suddenly plunged into a character's open, screaming mouth, another character is impaled. Perkins' face soon acquires too many nervous ticks, and an extremely plausible plot is given a pat, suboblivious twist. At the same time, the ground is crudely plowed for *Psycho III*, which will most likely introduce the 3-D shower scene.

—LAWRENCE O'TOOLE

If only the walls could speak out

LA TRAVIATA
Directed by Franco Zeffirelli

La Traviata is a movie about heavy drapes, overfitted furniture and chandeliers in which a performance of Giuseppe Verdi's opera (independently serious). Director Franco Zeffirelli (*The Champ*, *Budden Brook*) has always had an overfitted sensibility thriving on an excess of both emotion and retinue desecration. To make an excessive film of an opera in the height of redundancy, because opera is by nature excessive, indulging in amplified voice and physical expression. Zeffirelli offers a new and heated perspective on Verdi's masterpiece of a dying courtesan. Stifling love too late, she frames it within the fevered imagination of the consummative Violetta (*Vivien Leigh*). As she wanders away in her palace, waitresses are dismantling the place and, with a few well-timed stage directions, her death seems the imagined Alfredo (*Plácido Domingo*) returning the one last embrace before she enters heaven. Violetta finds herself transported to a daguerreotype of a soft-heeled queen glade, an offstage that resembles a mass commando!

As the "wasted one" of the title, Canadian soprano Birthe gives an impassioned, thoroughly believable portrait of a plainly ally damaged woman of the world whose vulnerability is involuntarily exposed. The desperation that registers on Birthe's face has an intensity that few legitimate actresses can create. But her singing is another matter, notably in the first act as she attempts to navigate the boudies of the aria *Ah, forza fu... Sogno libero*, which comes to a screechy halt after a spanning ascent. Otherwise, her work is acceptable, although it is not Leigh's fault two bags. Domingo fares better vocally in the less demanding role of the young Alfredo, who feels betrayed by the fickle Violetta. (She has promised not to love him at the request of his father.) With a titan test to his hair, Domingo almost manages to look the part of the romantic hero.

Throughout Verdi's lyrical, heart-breaking tale of star-crossed love, Zeffirelli makes the grand mistakes of not letting the music tell the story. He is much more concerned with drawing attention to the costumes and the upholstery. His titleless and tiresome camera, as it gawps and glides through especially lit hallways, appears to have been attached to a videotape. *La Traviata* is a sensible feast, gorgous to behold, but its beauty is fabula-deep.

—L. O'TOOLE

Nothing succeeds like excess

THE MAN WITH TWO BRAINS
Directed by Carl Reiner

The abomination Dr. Michael Shabotter (Stone Martin) approaches surgery with all the fitness of a clumsy mechanic under the hood. Blundered of the brain's beautiful shiny quality, he has invented the "new top" method of brain surgery: simply twist off the top and probe inside. When he hits a woman with his cut, he patches up his head and then laces his heart to her. But Dennis Dugan (played by the famous Rachael Tanner of *Body Heat*) is a vicious gold digger who refuses to have sex with Shabotter, throwing him into a panic. As a sun-starved brain surgeon, Martin has found a character to fit his talents like a glove. His anxiety takes the palpe of two extremes: wild and crazy lemons that strip off physical design like a slow-motion slide to locate plate.

Shabotter's loveless condition gets worse before it gets better. On a trip to Austria, he meets a deranged scientist who has collected a variety of brains for transplant purposes, supplied by an "el-



Marie gag-a-minute: Stone Martin

evator murderer" who injects his victim with window cleaner. Shabotter falls madly in love with one of the brains, named Anna, with whom he can communicate telepathically. To which he places a pair of rubber lips on Anna's jar, takes off her hat and kisses her in a long, joyous.

The *Man With Two Brains* is foolish, but in a breezy way, and it is a quantum leap from Martin's last two collaborations with director-writer Carl Reiner, *The Joke* and *Dear *Devil* We Don't Wear Plum*. Some of the gags are too predictable, and some are irritably literal, along the lines of the *Alphaville* movies but many are right on target. "It's the mad, mean part," he howls at Benedict and throws her into a piano. The sex jokes—crude, infantile and totally unbearable—are the most effective, principally because of the interplay between Martin and Turner. He plays the straight man, she the campy female favorite rewarding him with her twinkling Laerie. Benedict sniffs: He reads her a poem, called *Poetry Birds*, "England's greatest one-armed poet," with the author of a schoolboy, while she lectures, lectures in house and bats.

Brutal, acidic, sanctily designed and earthy stink, *The Man With Two Brains* is a free-spirited, gag-a-minute giggle fest where streaking girls and weird things walk. Cars are kookiness, people roll over and die. A reporter carrying a typewriter walks a great streak in his car as a welcome refugee from a mad doctor movie. The brush strokes are thicker than the whale picture. *Approached* is the right mood. *The Man With Two Brains* can be every bit as satisfying as it is silly. —L.O.T.



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(Stone: Shuster; Cenovis)

In this era of choices and high tech technology, it is easy to overlook the importance of the resource industries to the Canadian economy.

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Natural resources have always been the

Glasgow's mouth that roared

By Allan Fotheringham

The University of British Columbia, at its spring convocation ceremonies, awarded the oral honorary degrees. They went to author Robertson Davies, George Manley, former president of the Union of B.C. Indians Chiefs, nuclear physicist John Bertrand Warren, among others. All worthy types, no doubt. But the punks remain UBC, in its academic soberity, has never, over the four decades since he graduated, even contemplated giving an honorary degree to graduate Pierre Burton, who has done more to make Canadian history painful and interesting than half a hundred degrees-bestowed historians. Burton, you see, once used to be a grubby journalist.

Arrived here on a visitation, after the people's university, Simon Fraser U., which is a little closer to the grubby life of meat. There, last weekend it did something quite beyond the wit of UBC. It honored an unlettered bawler who is the finest oratorian (unpaid) in Canada. His name is Stanley Hollings, The Mouth That Roared, also known to his drinking companions as Jack Webster, now Dr. John Edgar Webster, the only bawny FUD ever to come out of the desktops of Glasgow.

Jack Webster is not really unpolished. He is the highest-salaried working journalist in Canada, an income wedging \$800,000, a full-time chauffeur, an occasional bellhop and five months holiday per year. It's a long way from the Gorillas. Recently his 60th birthday coincided with a visit to Ottawa, and Webster, being Webster, invited 150 of his closest friends to drop around to his hotel suite. Want made descended, and Webster, who loves a crowd almost more than he loves books, entertained at the top of his newspaper voice, dressed in what looked like a shirt left over from Dugлас's Island.

John Creech and almost anyone is Ottawa who enjoys a drink and a laugh showed up, and the host, despairing of taking his friends out for dinner, hit Alan Fotheringham is a columnist for *Southern News*.



upon the bright idea of ordering up club sandwiches for all. Phalanxes of white-clothed waiters, as if on a jungle safari, beat a steady tattoo to the core of his suite, bearing enough sandwiches and chaps on the side to feed Stanley's expedition to Dr Livingstone. Eventually, an anonymous young blonde who had ingested too much gas exploded on the bed. As the party raged on she could not be awakened, despite the ministrations of a well-known CBC librarian who was applying more-exuberant-than-usual chair massage. "Here I am on my 60th birthday," wailed Webster in self-



mockery, "attempting to get a woman out of my bed." The room service bill came to \$800.

Webster has always been the man for the grand gesture. After he left school at 14 in Glasgow, he had three jobs, delivering the milk in the morning and then shooting between copyboys six times at two newspapers. On the streets between the two he read Dickens and Shakespeare in the shorthand training manuals supplied to apprentices ardent. Today he uses the bellhop to drop him on his 50-acre farm which sits on a blissful mountain slope at Saltington Island in the saltwater gulf between Vancouver and Victoria. The poor man has become a Scottish Laird at last, terrorizing visitors by stuffing them in a battered Jeep and ploughing through streams and over logs past his substantial sheep, a talkative man enjoying his toys.

He destroys reputations of his Vancouver morning television show, which is now housed as far north as Yellow-

knife and across the border into Washington state. He has been offered political slots by all parties. British Columbia, offers that he loves to court and loves to reject, since it would mean a divorce of his wife—and his ego.

For such an untutored sort (self-taughtly correcting the grammar of his university-educated friends), he has a remarkable tongue which John Creech might envy. He had a very good war, ending up a major in the British Army—"Hopping the gun," as he puts it, in Ethiopia—and acquiring a broad view of Middle East politics and languages. One night, in an Ottawa fake-Meissen restaurant, Webster bawled as the pillows and bawled a few phrases with the waiters. When they responded, his agile mind and photographic memory, aided by a bit of baiting of the grape, responded. By the end of the evening he was conversing in a language that had been left in the last war.

His showboyish side tends to overshadow all. He once accidentally burned down his own house when he was a struggling young reporter just arrived in Vancouver. A neighboring couch had been lit by an errant cigarette, and he attempted to throw it out the window, thereby igniting the drapes, racing to a pay phone, he dropped his duds in the snow. His tale of woe was on the front page the next day antagonized the insurance company that held his unpaid policy to pay up. He and a companion once witnessed a water fire on Winnipeg's finest restaurant (the Winnipeg, the restaurant is in St. Boniface) and as the poor man was engulfed by the flames, Webster explained, "I could have saved him, but I was winning a new word jockey."

He is, in the end, as soft as a marshmallow, the urbane of the people. The unsmiling love him and recognize him as one of their own, a patient who smiles, when his verbal qualifications are questioned. "I'm a Canadian by choice, not the product of an accident in the back seat of a car on the beach on Friday night." He is one of our few treasures, and those offer-assured funds who failed honorary degree recipients should consider him. After all, he can often

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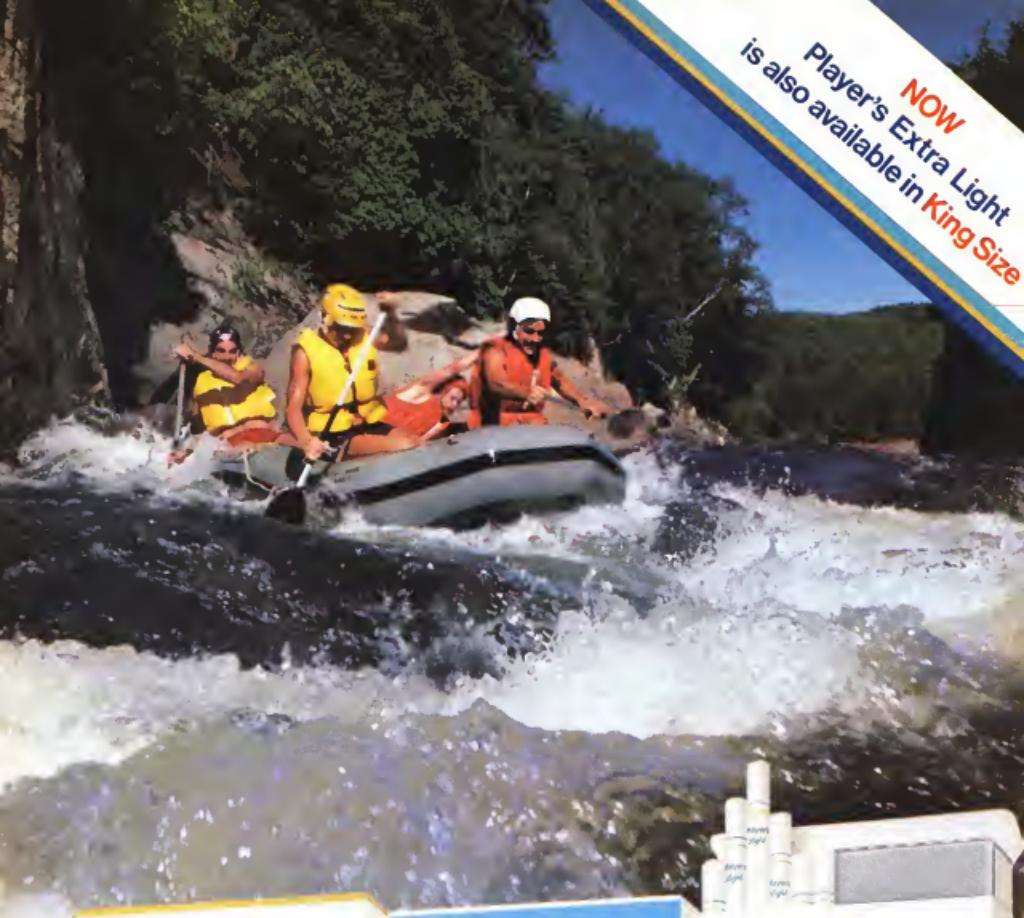
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